



2016/2017

**MUNICIPAL CODE: EC 444**

**AUDITED ANNUAL**

**REPORT**

**NTABANKULU LOCAL MUNICIPALITY**

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# Chapter 1

## CHAPTER 1 – MAYOR'S FOREWORD AND EXECUTIVE SUMMARY

### COMPONENT A: MAYOR'S FOREWORD

#### MAYOR'S FOREWORD

We have concluded in this financial year our term of council having started in the calendar year 2016. It has been quite a journey filled with many experiences from our part as Councillors. When we took over reigns it was obvious that so much had to be done to change Ntabankulu which had seemed rather impossible to change. Poverty levels were higher and underdevelopment had trapped us into a situation that seemed impossible to turnaround. It prides me today to see that so much progress has been done to push back the frontiers of poverty. We ushered a new state of hope through accelerated service delivery. Indeed Ntabankulu has changed and changed for the better.

We have compiled this Annual Report in order to fulfill our legislative obligation as enshrined in Section 46 of the Local Government: Municipal Systems Act (No: 32 of 2000) and Sections 121 and 127 (2) of the Local Government: Municipal Finance Management Act (No: 56 of 2003).

The year in question was the last year of the previous council. As the political leadership we had sort to create a legacy of the biggest delivery of the much needed services in the history of Ntabankulu. Great strides have been made on the improvement of **service delivery, education and youth unemployment, financial management, institutional performance and stakeholder engagement**. It is an honour and privilege to share key achievements made by the municipality over the last year of my tenure as the mayor. Indeed we have met our targets and even exceeded our own expectations. We have taken Ntabankulu to newer heights

#### Service delivery

Within the past 2.5 years the municipality had significantly reduced electrification backlog from **79.5% to just below 36%** by electrifying **more households than ever seen in Ntabankulu** In 2014/15 alone 3503 households were electrified. This overachievement had been made possible through the interventions pursued with the assistance of the Office of the Premier and Department of Energy.

Over and above household electrification, the Office of the Premier had committed **R135 million for the construction of Amacwera substation**, which is now in operation. Connections from that substation have already begun in the Amacwera area and we will continue to roll out electricity across Ntabankulu. We will continue to electrify more households and **realize universal access by 2020**.

It is also important to note the progress made on the renewal of the urban area. Streets surfacing; the multi-purpose center and the sports field are almost complete

We believe that this will enhance the economic activity in the urban area and contribute towards revitalization of Ntabankulu.

#### Education and youth unemployment

In response to high illiteracy and unemployment, especially amongst youth who contribute 54% of the population, the municipality had planned and achieved the following:

- **Establishment of the National Youth Development Agency (NYDA)** office within the municipality with an objective to empower youth on skills development, career orientation and all youth related social, economic and political issues.
- **Continuation with the partnership with Walter Sisulu University (WSU)** which has provided support on registration and access of NESFAS by students referred by the municipality, accredited capacity building at discounted costs, pro-bono legal support to communities and research on any area of interest by the municipality.
- **Continuation with the University of Fort Hare Eastern Cape Audiovisual center** which has seen a group of young hip-hop artist recording and album and getting a deal for distribution.

#### Financial viability

We have fully implemented Municipal Standards Chartered of Accounts as a tool to better manage our finances and improve viability

# Chapter 1

The municipality has maintained a *Qualified opinion in 2015/16*, but has reduced significantly the number of areas on which we have been qualified.

## **Institutional Performance**

There has been a steady improvement in the overall institutional performance since 2013/14, reflected as follows:

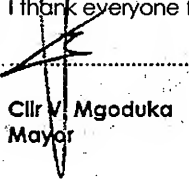
- 49% in 2013/14
- 70% in 2014/15 and
- 78% for 2015/16 draft annual report. This achievement is attributed to the dedicated focus and commitment in the implementation of the Performance Management System.
- **77% in 2016/2017.** The Municipality has a slight drop on the current performance compared to previous financial year, this indicates that the council has a responsibility to have a close monitoring of achievement of targets and where there are early warnings signals of underperformance corrective measures should be actioned.

We have however noted that amongst the causes of underperformance was due to late transfers of conditional grants which subsequently led to delays in implementation of some of the projects particularly in infrastructure. We have however continued to improve in that area and we are looking forward to better performances now henceforth.

## **Public participation**

In the year passing we have deepened our focus on improving stakeholder participation and communication. We have embarked on a number of initiatives to provide platforms for dialogue with various stakeholders including Traditional Leaders, Business Leaders, Religious Leaders, Hawkers, Professionals, Ratepayers, opinion makers and the general public. These have proven more effective as we are receiving positive feedback from our people. In conclusion, allow me to extend a word of appreciation to all our external stakeholders, political leadership of the institution, management as led by the municipal manager and all the staff. Without their support all of the above achievements and could not have been realized.

I thank everyone for their continued support.

  
Cllr V. Mgoduka  
Mayor

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# Chapter 1

## COMPONENT B: EXECUTIVE SUMMARY

### 1.1. MUNICIPAL MANAGER'S OVERVIEW

#### MUNICIPAL MANAGER'S OVERVIEW

The legislative mandate calls for a responsive, accountable, effective and efficient Local Government Systems. In pursuing the mandate, the Ntabankulu Local Municipality hereby presents 2016/2017 Annual Report which is a culmination of the work performed from July 2016 to June 2017. This report reflects the progress towards the attainment of the objectives as set out in the Integrated Development Plan (IDP) and the Service Delivery and Budget Implementation Plan (SDBIP). The 2016/2017 financial statements have been prepared in accordance with the requirements of Section 155, Municipal Systems Act, 32 of 2000, Municipal Financial Management Act, 56 Of 2003 as well as Treasury Circular No. 63.

The municipality is determined to take performance of the institution towards excellence. The desire to obtain unqualified audit is a constant challenge and motivation to the management. The ability to have achieved the milestones below is motivation that resonates the message that unqualified audit can be achievable.

- **IDP which is highly credible** as all its KPAs have been rated at high by MEC Cogta and its alignment with SDBIP
- valuation of assets and inventory towards the correction of the asset register and
- preparation of quarterly Annual Financial Statements for the first time in the history of the municipality

The revenue collection of the municipality has shown an increase, with notable contribution from rates payment by government departments as well as implementation of discount policy which was implemented for the first time by the municipality

The cascading of the PMS and recorded performance improvement will better the image of the municipality in the eyes of different stakeholders. On evaluating the performance of Senior managers for 2015/2016 financial year, 3 qualified for performance bonuses, 7 managers reporting to Senior Managers qualified for rewards of outstanding performance. This can be attributed to the dedicated implementation of the Performance Management System which provides for recognition and reward of good performance.

Even though the Budget and Treasury Office is operating without Chief Financial Officer, the personnel had taken its performance seriously whilst the Office of the Mayor was outstanding in implementing its stakeholder engagements and fundraising in the year under review. Having regard to the importance of community involvement in the implementation of the PMS, the community will be even more resolute in demanding good performance from us. Most importantly, the municipality will continue to put premium value on public participation.

The functioning of the Municipal Public Accounts Committee (MPAC) and the Audit Committee had assisted the municipality to strengthen its oversight role- which role is able to steer the municipality towards much needed unqualified audit status. The municipality has commenced with the establishment of an internal audit unit with an appointment of an Internal Audit Manager, Risk & Compliance Officer. This is a gradual process towards the achievement of an objective to phase out outsourced internal audit services.

Management and leadership have succeeded to produce credible strategic documents over the years. In the year under review the municipality had reviewed its organisational structure in line with IDP Objectives and the staff complement is at 94%, reducing the vacancy rate to 6% for the financial year 2016/2017.

# Chapter 1

I would like to thank my senior management, middle management, staff and all stakeholders for the work we have done together against all the adversaries and hurdles that we encountered in pursuit of our work. The support I enjoyed from the political leadership of the institution cannot go unnoticed. Your continued determination to move the municipality and its community forward can never pass without applause.



Mr. S. Matiwane

Acting Municipal Manager

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# Chapter 1

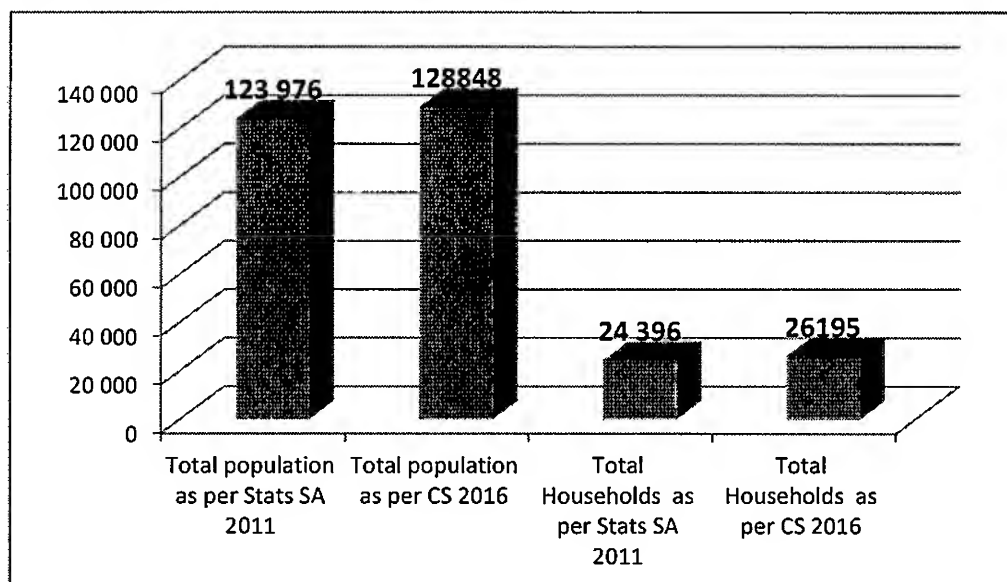
## 1.2. MUNICIPAL FUNCTIONS, POPULATION AND ENVIRONMENTAL OVERVIEW

### INTRODUCTION TO BACKGROUND

A Municipality is assigned powers and functions which it must perform in order to realise the objects of Local Government. Among these functions are Municipal Roads and storm water, Street lighting, land use management, building regulations Trading regulations, electricity, Municipal Planning, cleansing, Parks & Pound, Cemeteries, Sports facilities, Social infrastructure. The municipality is not a water services authority; Alfred Nzo District Municipality performs this function.

#### Population Size

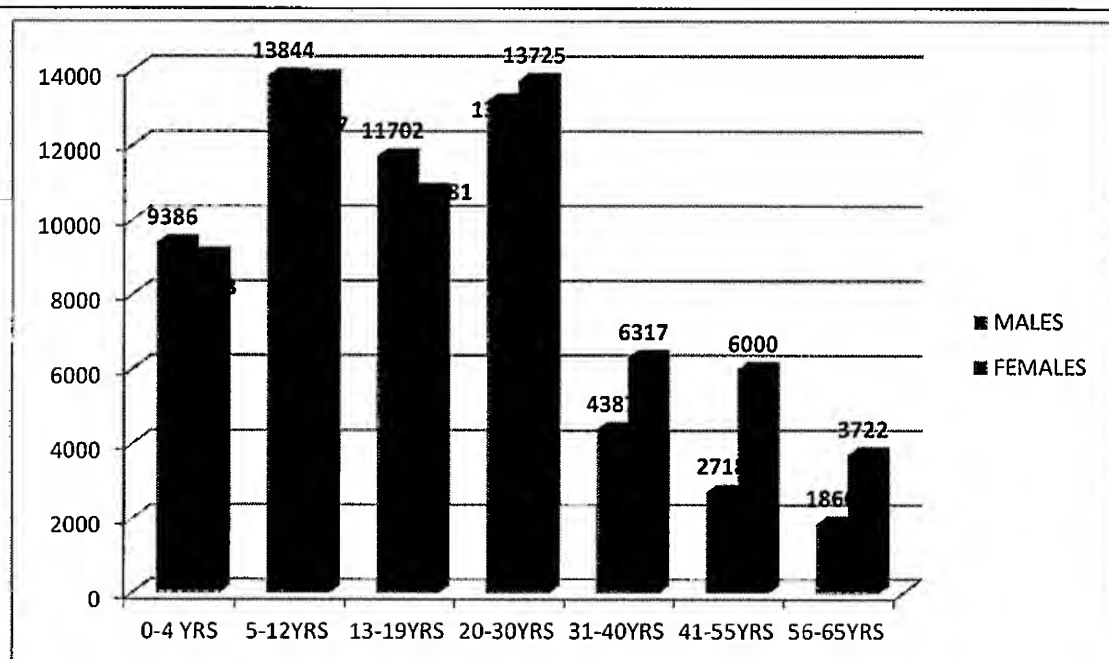
According to the Census 2011 conducted by Statistics South Africa, the total population of Ntabankulu Local Municipality was estimated at **123 976** and some **24 397** households. According to Community Survey 2016 conducted by Statistics South Africa; the total population of Ntabankulu Local Municipality was estimated at **128 848** and **26 195** of households.



#### Gender and Age distribution

The population is dominated by females of approximately 54% and males comprise only about 46 % of the population as per Community Survey 2016. A large percentage of the population was dominated by children and elderly people, approximately 57%, is children aged between 0 and 19 years. About 6% falls within the pensioned group (over 56years), whilst 34% are in the working age group (20-64 years). As per Community Survey 2016 from age 0-65 years, a large population is dominated by persons from age 0-30 years which contributes 79% and from 31-65 contributes 21%.

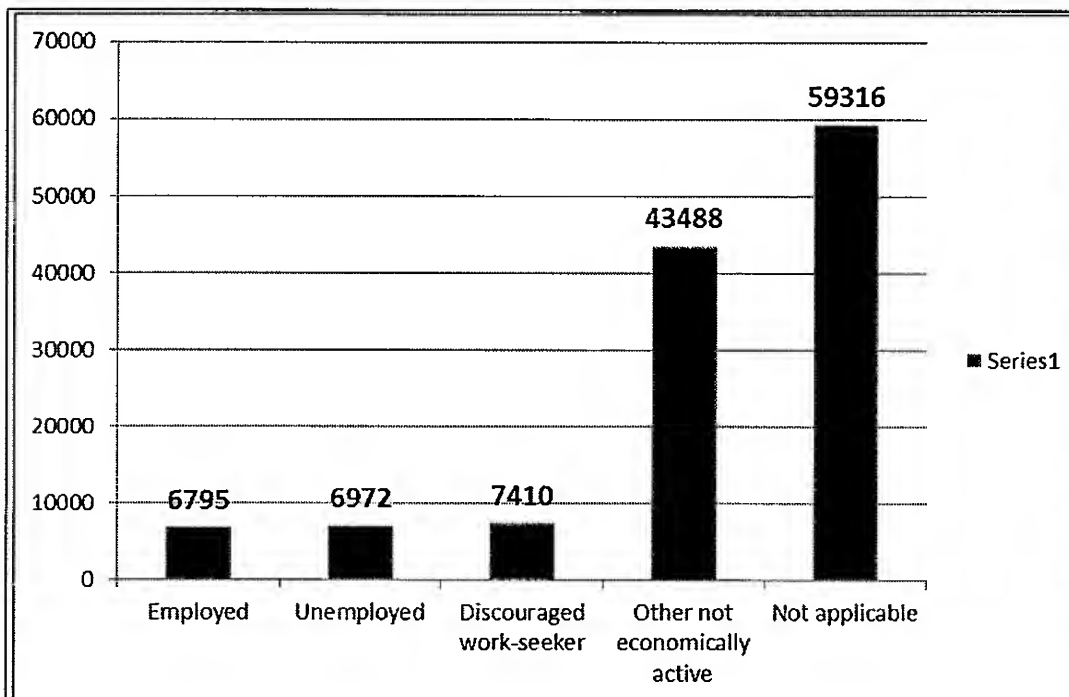
# Chapter 1



## Official Employment Status

Ntabankulu is one of the municipalities with the highest levels of poverty, illiteracy and unemployment in the Eastern Cape. The rationale for this cause is that the majority of the population does not actively contribute towards the local economy thus **43 488** people which is equivalent to **36%** of the total population as per statistics South Africa. This emphasizes need for municipal planning to focus robustly on infrastructural development that facilitates local economic development initiatives that will enable the community to generate income.

# Chapter 1



## Statistics South Africa 2011

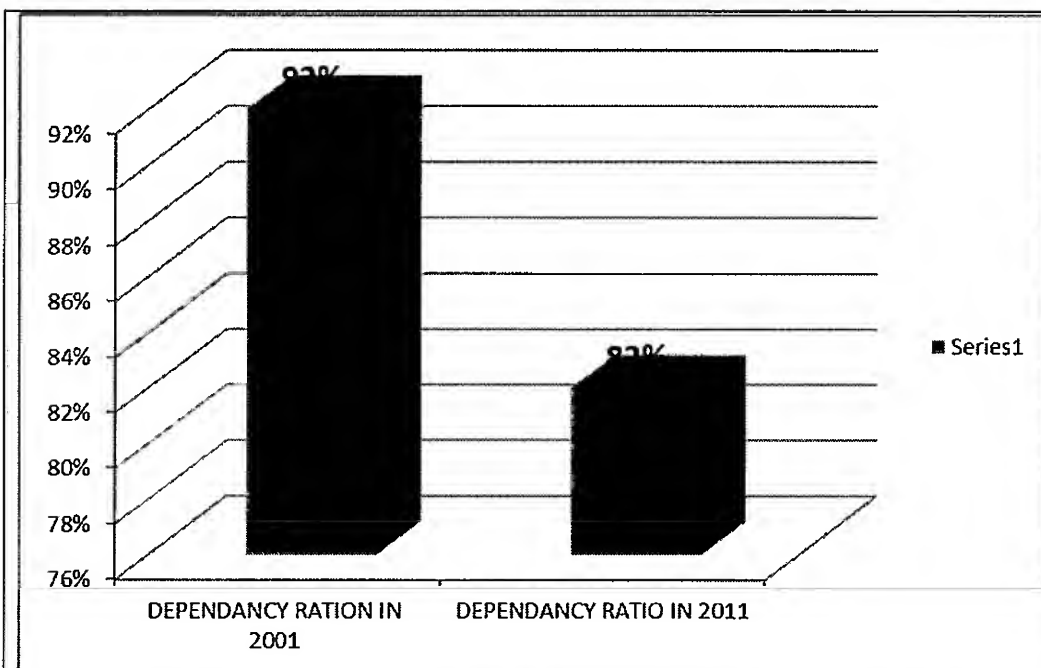
The rate of unemployment as estimated by Census 2011 was approximately 75% in 2001 and approximately 51% in 2011. The total number of unemployed persons is 6972 which is equivalent to 5.6% of the total population. The discouraged work seekers is at a total of 7410 thus 6% of the total population and those who were not known as to which category they belong to is at the total of 59316 thus 48%. The youth appear to be highly unemployed, with estimated unemployment rate at 82% in 2001 and to have decreased to 61% in 2011.

## Access to social grants

As a result of the low level of education and high unemployment rate, the municipality experiences high levels of poverty, thus increasing dependency on government's social grants. The Department of Social Development (DSD) is servicing 17 wards of the municipality. The department renders eight (8) programmes which include:-

- Probation services
- Poverty alleviation
- HIV / AIDS
- Community development
- Victim empowerment
- Subsistence abuse.
- Disability
- Child, Youth and family

# Chapter 1

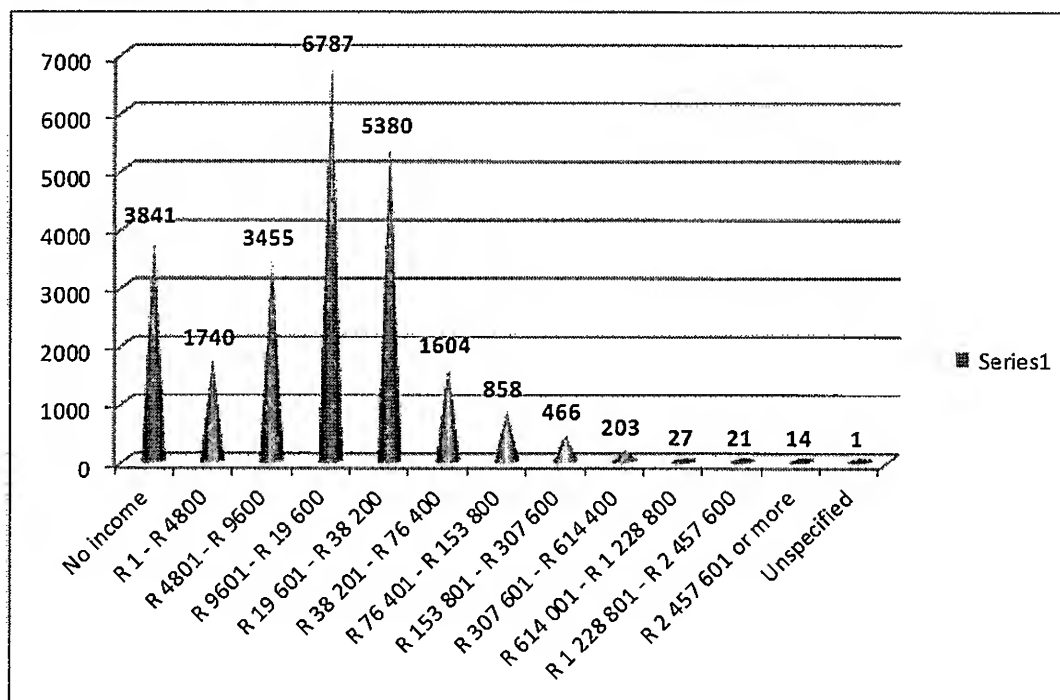


Dependency ratio is at 91.7%. Approximately one third of all households receive social grants, from two main grants, the "child support grant" and the "old age grant". About 7% of households receive employer grant while 10% of the households receive foster care grant and impressively 19% receive child support grant; 38% of the household receive social relief grant and 11% of the household receive Disability grant, and finally 15% of the household survive on old age grants.

This indicates that there is a high dependency ratio, as 82.0% of the population depends on social grants. This underpins the need to develop social and youth development programmes and proper infrastructural planning, provision of basic services and job creation.

# Chapter 1

Annual Household Income:



As per Statistics South Africa 2011, the above graph depicts that the Municipality has only about 28% of households receive an income between R 9 601 - R19 600 per annum, 22% receive between R19 601- R38 200, 15% has no income at all, 14% receive between R4 801 - 9 600, 7% receive between R1 - 4 800, 6,6 % receive between R38 201 - 76 400, 3,5% receive between R76 401 - R153 800, 1,9% receive between R153 801 - R307 600, 0,8% receive between R307 601 - 614 400, 0,1% receive between R614 001 - R1 228 800, 0,08% receive between R1 228 801 - R2 457 600 and 0,05% receive between R2 457 601 and more.

Overview of Neighbourhoods within Ntbankulu Municipality		
Settlement Type	Households	Population
Towns		
1	1 546	23 897
Sub-Total	1546	23897
Townships		
2	1308	15240
Sub-Total	1308	15240
Rural settlements		
212	99570	84839

# Chapter 1

Sub-Total	99570	84839
Informal settlements		
1	570	500
Sub-Total	570	500
Total	102424	123976
		T 1.2.6

## NATURAL RESOURCES

RESOURCES	RELEVANCY TO THE COMMUNITY
Land	Agriculture, grazing human settlements and forestry ventures
Water	Ntabankulu dam, 2 major rivers (Mzimvubu and Mzimlanva Rivers)
Flora and fauna	Medicinal and game
Mining	Sand and quarry (from Mzimvubu and Mzimlanva Rivers) and quarry. Nickel and Titanium
Forestry and Agriculture	Wards 15, 16 and 17 (both indigenous and plantations). Total forests coverage is estimated at about 29.41 km2 of which plantations account for 11.5 km2.
Beautiful Scenery	Lolashe – horse shoe development, Cultural historical resources, Local Heritage sites. Mfundisweni Mission (Ward 15), Mnceba Mission (Ward 12), Lwandlelubomvu Great Palace at Matshona (Ward 6), Mowa heritage site (Ward 14), Diko Monument at Ludeke (Ward 7), Xhukula Caves and Koi-san grave sites (Ward 5) Amanci Adventure Tourism ( Hiking Trails , Lodge in ward 14 Hlankomo village

## COMMENT ON BACKGROUND DATA:

### Agriculture, Forestry and Mining:

The area is well endowed in natural resources which are not yet utilized to the maximum especially in agriculture and mining. Its economy is highly concentrated - dominated by the community services sector and not very much resource based despite its natural resource endowment.

### Land

Land is making it possible for Agricultural production, grazing animal stock, plantation of indigenous forests and medicinal plants and provision of human settlements.

### Water

Adequate rainfall and fertile soil make the Ntabankulu municipal economy well-endowed for agricultural (crop) production; rainfall which is over 800mm annually. Ntabankulu economy is endowed with natural resources which are an advantage to the municipality in terms of land accessibility and permit for various land uses.

### Beautiful Scenery and Flora and Fauna

Ntabankulu has also remarkable cultural and historical sites to boost eco-tourism. The environmental sustainability, use of scarce natural resources efficiently, promote renewable sources of energy and leverage a green agenda for new jobs and income for the poor

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# Chapter 1

## 1.3. SERVICE DELIVERY OVERVIEW

### SERVICE DELIVERY INTRODUCTION

Roads infrastructure in the municipality is classified as worse as most areas are inaccessible, more specially on rainy weather conditions. About 99.5% of our roads are gravel roads. Even the roads that are classified as district roads that link Ntabankulu to Flagstaff through DR08019 and Mt Frere through DR080125 are gravel which is now deteriorated. The municipality is in dire need for tarring of both major District Roads (DR08019 and DR 080125) notwithstanding those other district roads in the municipality also need serious attention.

Part of DR080125 from the N2 had been surfaced through phase one of construction, Phase two is currently underway starting from Siphethu hospital towards the completed area. Phase three of surfacing that covers about 30km of the road from Ntabankulu town to Siphethu hospital is still on planning and design stage. During financial year 2016/17 the road was re-gravelled starting from Ntabankulu town towards Siphethu hospital. The road is still a priority for the municipality as that would improve accessibility to Ntabankulu town thus making it easy for the community members to prefer to shop at Ntabankulu instead of Mt. Frere town. The issue of the non-traversable roads is also a big problem to the transport industry because 99% of the roads are gravel and they are not being maintained timeously as a result there the mode of transport used to transport communities is the vans with canopy which are not safe for the people of Ntabankulu. Ntabankulu Local Municipality submitted an application to the MEC Department of Transport for construction of the Ncedo Taxi Rank; a feasibility study was conducted by the Department of Transport and the Municipality is waiting for the report of the feasibility study.

The Municipality has developed Local Integrated Transport Plan which has been adopted by the council and approved by the MEC. The Local Transport Plan seeks to address integrated transport plan. The following minor arterial district roads, DR 08019, DR080125, DR080109 are in a very poor condition compromising safety and accessibility, and resulting in high user maintenance cost to motorists. The LITP is submitted to give the status quo of the roads and required intervention in terms of upgrading them into tarred roads so as to improve socio economic development of Ntabankulu area. The LITP further indicates the very poor conditions of the urban internal roads.

Municipal Infrastructure Grant funding for the financial year 2016/2017 was and R 35, 960,000.00. More funding is needed to better the status of roads infrastructure as the current backlog is about 595km of access roads, and 280.99 km of District Roads.

The Municipality did not have sufficient budget for road maintenance, only 3% of the operational budget allocated for maintenance. The following projects were maintained in the financial year 2016/2017.

Mhleleni access road in ward 2 and

Chibini to Nyabeni via Manaleni access road in ward 3

Maintenance of J.J Ntlabathi community hall

Maintenance of Ludeke community hall

Maintenance of Dambeni community hall

Fencing of the municipal cemetery in urban area

The Municipality has constructed and completed the following projects for the financial year 2016/2017 through MIG Funding and Equitable Share,

-Rehabilitation of 6, 5 km of gravel access road at Buntshentshe in ward 10 with total budget of R4 971511.73

-Construction of 3km Gogo-Matha Gravel Access road in ward 16 with a total budget of R2 740139.8

# Chapter 1

-Surfacing of 2 km's of Ntabankulu main street Phase 2 in Ntabankulu town with a total budget of R22 000 000

-Construction of 6.5km of Madwakazana access road in Ward 7 with total budget of R3 448208.87

- Construction of 2,5 km of Mjelweni Gravel access road in Ward 12 with the total budget of R2 000 000

Constructions of the following projects have overlapped to the 2017/2018 financial year as they were not completed in the financial year under review, 2016/2017.

- Ntabankulu MPCC in Ntabankulu town in ward 8

- Madwaba Preschool in Ward 3

- Bulelani Preschool in Ward 8

-Cacadu Sport field

-Municipal Offices

-Transido Market place

-Construction of 10 km of Bhayi-Ntlangano Gravel Access road in ward 01 with total budget of R7 902395.31

Alfred Nzo District Municipality is a water services Authority as per the Water Services Act. The estimated backlog for water is +/-50%. A water service in the municipality is largely bad with most of water schemes not functional, with faults ranging from malfunctioning boreholes to water purification. The municipality is largely not having access to water that fall within RDP Standards. The status of sanitation is no exception, with about 70% backlog. Only about 8,000 households have access to sanitation facilities in the area.

The municipality has 27 481 households with only about 16 488 households benefiting from grid electricity and 10 992 living without electricity. Allocation for 2016/2017 financial year is R40m as per DORA bills off which R20,7m went towards servicing the DBSA loan.

The municipality has progress well in terms of grid electricity as a result the municipality has also received an amount of R2 million from the re-gazetted fund.

The Office of the Premier funded the municipality with R23, 5 million to be utilised for roll out of electricity in the 2015/2016 and 2016/2017 financial years. There were 1248 households from ward 3 and 12 (Tsita, Mthukukazi, Buhlamba, Mhlonyaneni and Tontji) which have been electrified. Cogta funded the municipality with R13m to electrify 1200 households from ward 3, 7, 16, 17.

The Municipality has been providing the indigent its beneficiaries. There were 9 680 indigent applicants however due to budgetary constraints the Municipality budgeted to provide 5 580 beneficiaries as indicated below for the period 2016/2017 financial year:-

Item Description	No. of households	Quantity provided
Paraffin	5 100	5 litre monthly
Solar	372	5 litre of paraffin by monthly
Electricity	1 080	50 kilo wats per household



# Chapter 1

The municipality reviews the indigent register and the policy on annual basis. The indigent register gets approved by the Council before the beginning of each financial year. The Municipality has employed two employees to execute the indigent services which are, Indigent Coordinator and Indigent Administrator under the Budget & Treasury Office, Revenue Division and one post has been prioritized for the unit.

Service Type	Base Line	Served/being served	Backlog	% backlog
Electricity (h/h)	27481	16488	10992	60%
Roads (km)	783	216,7	566,3	72.3%
Sports Field	18	3	15	83%
Community Halls	31	21	10	32%
Pre-Schools	53	7	46	86.8%
LED	2	1	1	50%

The Indigent Steering Committee has been established and is functional. The committee is constituted of the

Ward Councilors, Ward Committees, Community Development Workers, Traditional Leaders and Religious leaders. The committee is chaired by budget & treasury Portfolio Head.

The District Municipality supports the Ntabankulu Local Municipality through provision of indigent verification system called RUMAS however the final verification is done by the indigent steering committee for submission to the Council for approval.

## COMMENT ON ACCESS TO BASIC SERVICES

The Municipality has managed to reduce community protests, community members demanding electricity through the engagement of different stake holders like Eskom, the office of the premier and Cogta where in commitments were made to electrify 10958 households from different wards in Ntabankulu.

Electricity challenges within Ntabankulu jurisdiction were aggravated by the fact that there was no sub-station to provide energy capacity of which that has been sorted through the engagements, construction of the sub-station is complete.

The Municipality is still challenged by shortage of funding to provide other types of infrastructure like roads, community facilities (pre-schools, sporting facilities, community halls) and the LED infrastructure even though strides has been made to use the equitable share for the provision of the infrastructure. Huge backlogs are noticeable with pre-schools, roads, Sports fields. The community halls are in existence in many areas even though they require to be upgraded and the municipality has upgraded 5 community halls for the financial year 2016/2017.

T1.3.3

# Chapter 1

## 1.4. FINANCIAL HEALTH OVERVIEW

### FINANCIAL OVERVIEW

#### Budget Planning, Formulation and Monitoring

The Municipality developed and reviewed the five years Integrated Development Plan. The plan is aligned with the priorities of the Community which are prioritized annually as per the available resources-budget. The IDP, MTREF Budget and Budget related Policies for financial year 2016 /2017, as required by the MFMA Act were submitted to the Council for adoption on the 27<sup>th</sup> of May 2016 this was done in compliance with section 21(1) (a) of the MFMA. During the year the Municipality implemented the revenue enhancement strategy together with the discount policy adopted by the Council. Eighty six (86) Customers had taken the advantage of the policy by acknowledging their debts as a result we have collected R 503 000 from the arear debt. Furthermore the Municipality has managed to reconcile the public works account that lead to increase of properties from 51-99 properties. The Municipality has put control measures in place to ensure that all the expenditure incurred is budgeted for in order to avoid the unauthorized expenditure. The budget is first verified before processing the transaction. Monthly reports in the form of section 71 reports, quarterly report in the form of MFMA section 52d and half year report in the form of MFMA section 72 were prepared and submitted to the Council and Treasury. Furthermore the monthly cash flows are prepared timeously to ensure financial viability of the Municipality.

#### Asset and Liability Management

Asset management policy was reviewed and adopted by Council on 27 May 2016. The municipality is maintaining a GRAP compliant asset register which is updated on a monthly basis with all the assets movements for that particular month. Asset physical verification was performed two times during the year that is at year end and during the mid-year. There is a lot of improvement on asset management accountability as a result there was no qualification raised by Auditor General from the section. Assets are bar-coded upon receipts and are therefore added on the asset register. The Municipal assets are insured with Indwe Risk Services. The Municipality has successfully migrated to pastel accounting system from excel.

The Municipality is paying its creditors within thirty days of the receipt of invoice. A loan at an amount of R40m was granted by DBSA (Development Bank of South Africa) for the electrification programme and was successfully paid up on July 2017.

#### Supply Chain Management

Supply Chain Management unit is operational, and the Supply Chain Policy has been reviewed and adopted by the Council on 27<sup>th</sup> of May 2016. The Municipality complies with the approved SCM policy and with the legislations, circulars and gazette. The procurement plan has been developed and implemented for financial year 2016/2017 and all bid documents are in place. The document management has improved. The reports on the implementation of the Supply Chain Policy were submitted to the Council and National Treasury on quarterly basis. The data base is updated timeously on an electronic supplier data base system. The Municipality does not have any long term contract awarded during the current financial year. The training for the Supply Chain practitioners is budgeted and was carried out during the 2016/2017 financial year.

#### Expenditure Management

The Municipality is commitment to pay its creditors within thirty days. The percentage expenditure for general expenditure is higher than the budget due under budgeting on non-cash items. The budget is first checked by the budget and treasury office before transactions are processed so as to avoid unauthorized expenditure..

11.4.1

# Chapter 1

Figure in Rand	Approved budget	Adjustments	Final Budget	Actual amounts comparable basis	Difference between final budget and actual
<b>Statement of Financial Performance</b>					
<b>Revenue</b>					
<b>Revenue from exchange transactions</b>					
Service charges	445 000	397 195	397 195	125 167	272 028
Rental of facilities and equipment	1 394 820	787 102	787 102	1 038 280	(251 178)
Sundry income	251 788	367 609	367 609	420 712	(53 103)
Interest received	2 300 000	2 323 601	2 323 601	1 673 655	649 946
<b>Total revenue from exchange transactions</b>	<b>4 391 608</b>	<b>3 875 507</b>	<b>3 875 507</b>	<b>3 257 814</b>	<b>617 693</b>
<b>Revenue from non-exchange transactions</b>	<b>6 500 000</b>	<b>5 208 754</b>	<b>5 208 754</b>	<b>4 373 284</b>	<b>835 470</b>
Fines earned	2 300 000	2 300 000	2 300 000	1 179 643	1 120 357
Government grants & subsidies	207 829 114	208 466 107	208 466 107	208 466 107	0
<b>Total revenue</b>	<b>221 020 722</b>	<b>219 850 368</b>	<b>219 850 368</b>	<b>217 276 848</b>	<b>2 573 520</b>
<b>Expenditure</b>					
Personnel related costs	49 677 890	49 677 890	49 677 890	48 118 126	1 559 764
Remuneration of councillors	10 689 844	10 689 844	10 689 844	9 806 618	883 226
Depreciation and amortisation	3 498 497	3 498 497	3 498 497	8 712 624	5 214 127
Finance costs	100 000	140 000	140 000	148 377	(8 377)
Contribution to the provision of impairment of receivables	1 746 236	1 746 236	1 746 236	0	0
Repairs and maintenance	3 850 000	3 482 000	3 482 000	2 616 038	865 962
Impairment of RDP Houses	0	0	0	0	0
Transfer of RDP Houses	0	0	0	0	0
Accounting and Audit fees	3 400 000	3 400 000	3 400 000	3 913 938	(513 938)
General Expenses	49 290 114	49 290 114	49 290 114	53 144 562	(3 854 448)
<b>Total expenditure</b>	<b>122 252 581</b>	<b>122 292 581</b>	<b>122 292 581</b>	<b>126 386 480</b>	<b>4 093 899</b>
<b>Surplus before taxation</b>	<b>98 768 141</b>	<b>98 768 141</b>	<b>98 768 141</b>	<b>90 816 565</b>	<b>7 951 576</b>
<b>Actual Amount on Comparable basis as Presented in the Budget and Actual Comparative Statement</b>	<b>242 544 571</b>	<b>242 544 571</b>	<b>242 544 571</b>	<b>231 656 631</b>	<b>10 887 949</b>

## COMMENT ON OPERATING RATIOS:

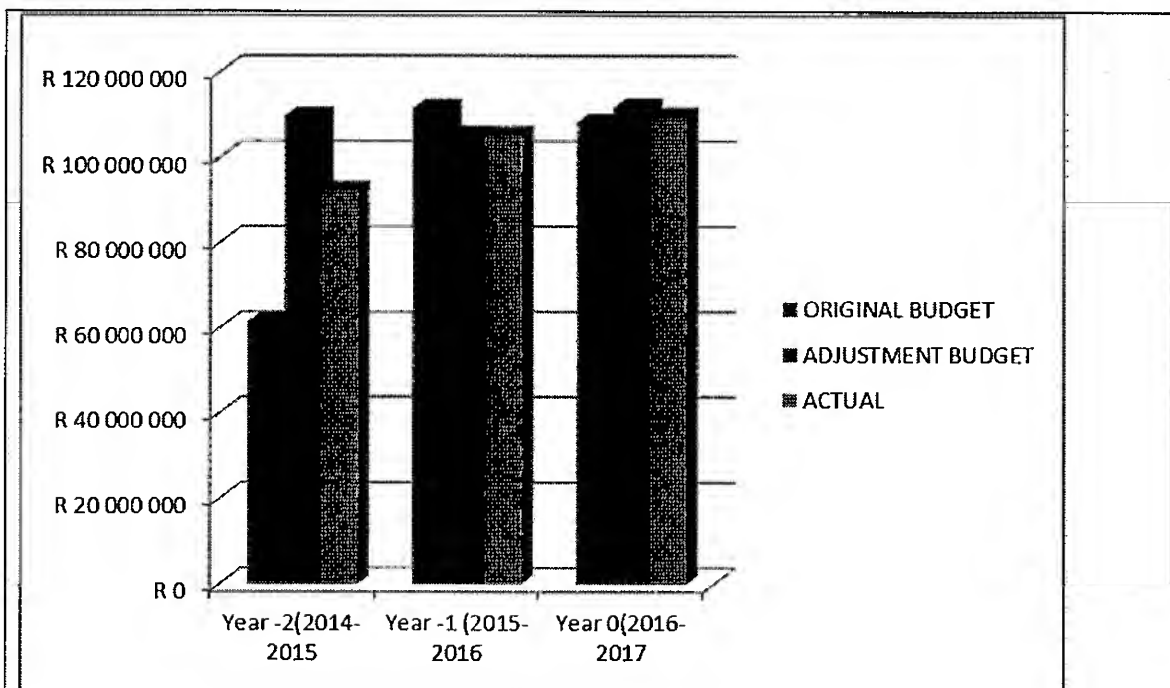
On Employee costs the employee related costs is at 42% compared to the total operating budget that means 9% exceeded the norms determined by treasury. The expenditure as at June 2017 is 97% which is within the budget.

# Chapter 1

**Repairs and Maintenance:** Due to budgetary constraints the Municipality prioritized the capital projects hence there was only 1% budgeted for repairs and maintenance. There is expenditure that relates to two maintenance projects (Chibini-Manaleni and Mhleleni) that are still on progress.

T1.4.3

Detail	Year -2 (2014/15)	Year -1 (15/16)	Year 0 (16/17)
Original Budget	61 498 150	111 536 150	108 142 000
Adjustment Budget	109 642 603	105 270 529	111 675 718
Actual	92 327 783	105 270 529	109 693 729



T1.4.5

## COMMENT ON CAPITAL EXPENDITURE:

Year 0(2016/2017), the budget is funded by grants by gazetted grants from treasury and the equitable share. The capital grants spending (MIG and INEP) were at 100% at year end. The provincial treasury grant for the construction of main streets was at 87% spending at year end and the balance will be rolled over to the next financial year 2017/2018.

T1.4.5.1

# Chapter 1

## 1.5. ORGANISATIONAL DEVELOPMENT OVERVIEW

### ORGANISATIONAL DEVELOPMENT PERFORMANCE

On Institutional Development and Organizational Transformation, the municipality has reviewed and adopted its 2016/2017 Organizational Structure that is commensurate to its resources to implement service delivery targets as outlined in the Integrated Development Plan.

The Organizational Structure is reviewed simultaneously with IDP to ensure that Human Resources capacity responds to the need for work. The Organisational structure has been reviewed for financial year 2015/2016 and the draft Organisational structure has been submitted to council for approval on the 27<sup>th</sup> May 2015.

#### Employment Equity Plan

The Municipality has developed an employment equity plan for a period of 3 years, namely 2015-2018. The municipality has set three year objectives that are congruent with the duration of the plan. Specific objectives have been formulated based on the results gathered through employment equity survey results.

The municipality submits annual reports based on the numerical goals set and achieved in the plan, 2015 reports have been submitted to Department of Labour. The Employment Equity Manager has been appointed. Employment Equity Committee has been established but not yet trained.

The EE Plan aimed at achieving 50% positions filled by males and the same distribution to position filled by females in Senior Management level. In 2015/2016 financial year, 66.66% of positions in this level were filled by females whereas 33.33% by males. Secondly, the municipality aimed at employing 5% of disabled employees in the semi-skilled level. When advertising positions; the NLM encourages people with disabilities to apply for positions even though there is poor to 'no' response to this call.

#### Workplace Skills Plan 2017/2016

Workplace Skills Plan for the financial year 2017/2018 has been developed to contribute to the achievement of organizational goals contained in the IDP which refers to the interventions needed to ensure the sustainable service delivery. The annual training implementation plan has been developed which outlines the Institutional, Departmental and Individual prioritized training interventions for the financial year 2017/2018.

Workplace Skills Plan was submitted to and endorsed by the training committee and later submitted to LGSETA for approval and was approved. Training Committee has been established.

#### Critical and Scarce Skills

Ntbankulu Local Municipality is rural in nature and unable to attract critical and scarce skills. The Municipality has developed retention strategy which is not practically implemented due to insufficient funds.

#### Performance Management System

Performance Management System Framework was developed; it was implemented to Directors. The Municipality embarked on cascading the framework to the lower levels since the financial year 2014/2015 it was implemented to Directors and Managers and was further cascaded to Officers in the financial year 2016/2017.

Ntbankulu Local Municipality has reviewed its Performance Management System Framework in 2016/2017 financial year and Institutional Score card adopted by Council in May 2016, to integrate municipality's strategic objectives into the performance management process.

The institutional score card has been adopted by council in May 2016 which includes Integrated Development Plan priorities, service delivery and budget implementation plan (SDBIP) and individual performance contracts and plans.

# Chapter 1

Directorates develop their monthly plans and report monthly through management meetings. Quarterly performance reports and reviews have been done through Council Standing Committees. Mid- year performance reporting and reviews have been done through Council Standing Committees and annual reporting and review have been done through the MPAC and adopted by the Council.

Performance agreements 2016/2017 have been signed by all Directors and submitted to Department of Local Government & Traditional Affairs. Performance agreements for Managers reporting to Directors and Officers reporting to Managers have been signed.

1<sup>st</sup> Quarter performance evaluations 2016/2017 and 2<sup>nd</sup> quarter evaluations 2016/2017 & 3<sup>rd</sup> quarter performance evaluations have been conducted. Performance Management System policy has been reviewed and adopted by Council in May 2017 for implementation in the next financial year. The Municipality has conducted annual performance reviews to all Section 56/57 managers and Managers reporting to Senior Managers for the financial year 2015/2016 after the annual reports was adopted by Council with oversight.

## **Local Labour Forum**

The Local Labour Forum is functioning composed of the 5 employer representatives and 5 employee representatives. The Local Labour Forum is guided by the Organizational Rights Agreement. The local Labour forum developed the annual schedule of sittings which is also inclusive in the Institutional Calendar of the Municipality. The Local Labour Forum is scheduled to sit monthly.

**T1.5.1**

## **1.6. AUDITOR GENERAL REPORT**

### **AUDITOR GENERAL REPORT YEAR 1**

Auditor General expressed a Qualified audit opinion for the 2016/17 financial year. The qualifications were reduced compared to 2015/2016 where eight qualifications were raised by AG. For the period under consideration only four qualifications were raised by AG as listed below:-

(1) Irregular expenditure:- The Municipality did not have adequate system to identify and disclose all the Irregular expenditure incurred during the year as required by section 125 of the MFMA.

(2) Commitment:- The Municipality did not have adequate and complete contract management in place for identification and recognition of contracted commitment.

(3) Budget vs actual: The budget was misstated and there were differences noted adjustment and approved budget

(4) Unauthorised expenditure: sufficient appropriate audit evidence could not be obtained for unauthorised expenditure incurred in the prior year and included in the current year's opening balance.

(5) General expenses-The Municipality incorrectly allocated a prior error adjustment emanating from property, plant and equipment to general expenses instead of accumulated surplus.

# Chapter 1

## 1.7. STATUTORY ANNUAL REPORT PROCESS

No.	Activity	Timeframe
1	Consideration of next financial year's Budget and IDP process plan. Except for the legislative content, the process plan should confirm in-year reporting formats to ensure that reporting and monitoring feeds seamlessly into the Annual Report process at the end of the Budget/IDP implementation period	July
2	Implementation and monitoring of approved Budget and IDP commences (In-year financial reporting).	
3	Finalise the 4th quarter Report for previous financial year	
4	Submit draft year 1 Annual Report to Internal Audit and Auditor-General	
5	Municipal entities submit draft annual reports to MM	
6	Audit/Performance committee considers draft Annual Report of municipality and entities (where relevant)	August
8	Mayor tables the unaudited Annual Report	
9	Municipality submits draft Annual Report including consolidated annual financial statements and performance report to Auditor General	
10	Annual Performance Report as submitted to Auditor General to be provided as input to the IDP Analysis Phase	
11	Auditor General audits Annual Report including consolidated Annual Financial Statements and Performance data	September - October
12	Municipalities receive and start to address the Auditor General's comments	November
13	Mayor tables Annual Report and audited Financial Statements to Council complete with the Auditor- General's Report	
14	Audited Annual Report is made public and representation is invited	
15	Oversight Committee assesses Annual Report	
16	Council adopts Oversight report	December
17	Oversight report is made public	
18	Oversight report is submitted to relevant provincial councils	
19	Commencement of draft Budget/ IDP finalisation for next financial year. Annual Report and Oversight Reports to be used as input	January
T1.7.1		

# Chapter 1

## COMMENT ON THE ANNUAL REPORT PROCESS:

In terms of the MFMA 56 of 2003, Chapter 12 Section 121 "Every municipality must for each financial year prepare an annual report in accordance with this Chapter. The Council of a municipality must within nine months after the end of the financial year deal with the annual report of the municipality.

In terms of MFMA Circular 63 of the draft annual report must be submitted to internal audit, audit committee and council before submission to Auditor General on the 31<sup>st</sup> August.

One of the advantages of compiling an unaudited Annual Report in August is that it can be used to influence the strategic objectives indicated in the IDP for the next financial year as well as the budgetary requirements related to each Vote. It further provides an opportunity to review the functional areas that received attention during the current financial year and take the necessary corrective actions to align the IDP and budget to other priority areas needing attention.

T1.7.1.1



# Chapter 2

## INTRODUCTION TO GOVERNANCE

Governance within the Municipality has the following components:

Legislative and compliance matters

Performance Management

Risk Analysis & mitigation

Audit, Legal and Public Participation

The Municipality has an Executive Committee which is composed of 7 members of council inclusive of Mayor and has legislative authority with Speaker who chairs the Council meetings.

The Executive Committee which is constituted of seven members. Five members of the Executive committee are Portfolio heads who chair the standing committees.

The Municipality sits executive management meetings chaired by the Municipal Manager monthly, quarterly, half year and annually to evaluate performance of the Municipality in line with the approved Service Delivery and Budget Implementation Plan.

All performance reports are tabled to the governance structures quarterly for performance monitoring and oversight. All quarterly reports are tabled to the executive management, internal audit, Standing Committees, Executive Committee, Audit Committee, Council and MPAC.

In terms of compliance the Municipality has adopted the following documents in the beginning of the 2016/2017 financial year:

- 2016/2017 IDP Process Plan
- 2016/2017 Integrated Development Plan
- 2016/2019 MTREF Budget
- 2016/2017 Service Delivery and Budget Implementation Plan
- Sector Plans
- Audit Committee and internal Audit Charter
- 2016/2017 Strategic & Operational Risk Register
- 2016/2017 Institutional Calendar
- 2015/2016 Audit Action Plan to address AGSA findings
- Budget Policies
- PMS Policy Framework

### T2.0.1

# Chapter 2

## COMPONENT A: POLITICAL AND ADMINISTRATIVE GOVERNANCE

### INTRODUCTION TO POLITICAL AND ADMINISTRATIVE GOVERNANCE

The key element of governance is leadership which culminates into responsibility and accountability. The Ntabankulu Local Municipality upholds this element by ensuring that there is a strong leadership both politically and administratively to ensure that the Council is guided towards realisation of its vision, mission and overall strategic objectives.

The IDP identifies 5 values of accountability and thus political and administrative governance functions in line with 5 values such as:

Accountability

Transparency

Participatory Governance

Governance Education and

Social Responsibility

T2.1.0

## 2.1 POLITICAL GOVERNANCE

### INTRODUCTION TO POLITICAL GOVERNANCE

Note: The MFMA Section 52(a) states that "the Mayor must provide general political guidance over the fiscal and financial affairs of the municipality".

### SECTION 79 & SECTION 80 COMMITTEES

The Municipality has an Executive Committee which is composed of 7 members of council, including the Mayor. There are three (3) Section 79 committees (Municipal Public Accounts Committee, Rules, Ethics and Members' Interests Committee and Petitions and Public Participation Committee). There are five (5) Section 80 Committees (Standing Committees) that have been established and they are as follows:

Corporate Services

Infrastructure Planning and Development

Strategic and Development Planning

Budget and Treasury

Community Service

### Committees (other than Mayoral / Executive Committee) and Purposes of Committees

Municipal Committees	Purpose of Committee	
Section 79 Committees		

# Chapter 2

1. Rules, Ethics and Members' Interests	<p>To undertake review of the Rules of Order, procedures and regulations of council and its committees. It recommends changes to that effect to Council.</p> <p>To undertake a review and/or development of policies on councilors' welfare. It recommends changes to the Council by way of reporting through the Speaker of Council.</p> <p>To develop programmes and activities aimed to promote ethical practice and to combat corruption amongst councilors as public representatives.</p>
2. Petitions and Public Participation	<p>To monitor the process of receiving, addressing and responding to complaints from the community.</p> <p>To consider issues that may pose political risk pertaining to public participation.</p> <p>To monitor the update of the petitions register</p>
3. Municipal Public Accounts Committee	<p>To serve as an oversight committee and exercise oversight over the executive and administration on behalf of council.</p> <p>To assist the council and hold executive, administration and municipal entities to account.</p> <p>To serve as body to ensure the efficient and effective use of municipal resources.</p> <p>To increase council and public awareness on the financial and performance issues of the municipality and its entities including policy operation and implementation of local government.</p>
<b>Section 80 Committees</b>	
1. Community Services Committee	<p>The committee has the responsibility to:</p> <ul style="list-style-type: none"> <li>Support the provision of Library Services</li> <li>Consider Solid Waste collection and disposal</li> <li>Regulate Landfill site and Environmental Management programmes</li> <li>Assist in the maintenance and management of Public Amenities e.g. Community Halls, Cemeteries, Pound, Parks &amp; Sport fields</li> <li>Assist in the enforcement of Roads Traffic-laws and Municipal Traffic by-laws</li> <li>Promote safeguarding of Municipal Assets and Properties</li> <li>Assist in the coordination of Public Participation programs and Council Support</li> <li>Assist in coordination and development of Community Sport, Arts and Culture</li> </ul>

# Chapter 2

2. Infrastructure Planning and Development Committee	<p>The committee assists the Council to promote service delivery within the municipality,</p> <p>Monitor implementation of Human Settlement projects</p> <p>The Committee recommends the provision or approval of funds for unforeseen infrastructural development services,</p> <p>To report to the Council about the infrastructural projects that are planned for the development of the district municipality,</p> <p>To ensure that the municipality delivers the quality service delivery to the communities.</p>
3. Strategic Development and Planning Committee	<p>To discuss and report about the programs of the local economic development,</p> <p>The committee works towards broadening advancement of Black Economic Empowerment,</p> <p>The committee develops strategies to promote tourism within the local municipality,</p> <p>Establishment of poverty alleviation initiatives,</p> <p>Monitor progress on planning and the use of land after transfer,</p> <p>Revitalisation of town.</p>
4. Budget and Treasury Office Committee	<p>To participate on the drafting of budget and adjusted budget,</p> <p>To participate on the formulation of the IDP and Budget,</p> <p>Assist the Council in the allocation if applicable, the distribution of grants made to the municipality,</p> <p>Assist the Council in the refuse removal, rental, trading tariffs and pound fees or related matters including the collection of revenue thereof</p>
Corporate Services Committee	<p>Receive reports and evaluate progress on Human Resources issues,</p> <p>Consider matters related to job evaluation and grading of staff,</p> <p>Consider performance management of the institutions,</p> <p>Make recommendations on Development of Human Resource Policy Manual and on continuous review of Human Resources policies,</p> <p>Deal with the Implementation of new Organisational structures and strategies,</p> <p>Consider labour relations matters and Human Resource and development,</p>

## AUDIT COMMITTEE, INTERNAL AUDIT

The Municipality has a functioning Audit Committee appointed by Council as Section 79 committee and it is composed of three members. The Audit Committee has met the legislative requirements in terms of the number of sittings. There were five audit committee sittings for the 2016/2017 financial year. Furthermore, the audit committee has reported twice to the Council during the 2016/2017 financial year:-

- 07 December 2016 and,

- 05 May 2017.

The reports tabled to Council were the Internal Audit Charter and Audit Committee Performance Report 2016/2017. An assessment for the functionality of the Internal Audit and the Audit Committee was conducted by COGTA with the assistance by the panelist which was made up of MPAC Chairperson, BTO portfolio head, Municipal Manager. It was then found that the assessment was in agreement in all aspects of the assessment tool. The meeting unanimously agreed that based on these assessments both the Internal Audit and the Audit Committee were functional.

The municipality has co-sourced the internal audit unit with Cingco consulting consortium who was appointed with effect from the 02 February 2017 to 31 January 2018 in order to capacitate the unit. The municipality has appointed an Internal Audit Manager with effect from 1<sup>st</sup> December 2015.

# Chapter 2

T2.1.1

## POLITICAL STRUCTURE 2014/2015



**MAYOR:** Cllr. V. Mgoduka

**SPEAKER:** Cllr V. Matwasa

**CHIEF WHIP:** Cllr S. Sophaga

### EXECUTIVE COMMITTEE MEMBERS

- Cllr. M.P. Ndabeni: Portfolio head Strategic & Development Planning
- Cllr N.S. Pikwa: Portfolio head Community Services
- Cllr. N. Mbonmtsha: Portfolio head Budget & Treasury
- Cllr. S. Menziwa: Portfolio head Infrastructure Planning & Development
- Cllr. S.W. Sophaga: Portfolio head Corporate Services
- Cllr. N. Daniel ( later N. Fundakubi-Nyoyisile)

T2.1.1

# Chapter 2

## COUNCILLORS

The Ntabankulu Local Municipality is comprised of 17 wards. The Municipal Council is composed of 41 members, including 34 councillors and 7 traditional leaders. Councillors are constituted of 17 ward councillors and 17 councillors deployed as Party Representatives, inclusive of the Mayor and the Speaker.

Refer to **Appendix A** where a full list of Councillors can be found (including the attendance at each council meeting).

Refer to **Appendix B** which sets out list of both Sections 79 and 80 committees and their members. The purpose for each committee is listed at T2.1.1 above.

T2.1.2

## POLITICAL DECISION-TAKING

The Municipal Council established the TROIKA (Political Management), which consists of the Mayor, Speaker and the Chief Whip. The Troika sits on a weekly basis and/or before the Council sittings in order to discuss the agenda items that would be tabled to the Council, including any pertinent institutional matters. The Municipal Managers attends to the TROIKA meetings to provide technical advice.

The Municipal Council is the highest decision-making body. It takes resolutions on matters of service delivery and community development. The Management has developed a Council resolution register, which is updated in each quarter after the Council meeting/s. The register is circulated monthly to all directorates in order to invite comments on progress in implementation of council resolutions. The Office of the Municipal Manager is responsible for monitoring the implementation of Council resolutions. There were 127 resolutions taken by the Municipal Council during the 2016/2017 financial year under consideration. The municipality managed to fully implement at least 118 resolutions with 93% in terms implementation of Council resolutions.

T2.1.3

## 2.2 ADMINISTRATIVE GOVERNANCE

### INTRODUCTION TO ADMINISTRATIVE GOVERNANCE

*Note: MFMA s60 (b): The Municipal Manager of a municipality is the accounting officer of the municipality for the purposes of this Act and must provide guidance on compliance with this Act to political structures; political office bearers, and officials of the municipality and any entity under the sole or shared control of the municipality.*

Ntabankulu local Municipality has 6 Senior Managers which includes the Municipal Manager. 4 Senior Managers positions are filled 2 two are vacant The Executive Management sits every month for presentation of monthly plans and monthly reports in preparation of quarterly reports. The Executive management meetings are composed of Senior Management (Managers reporting direct to Municipal Manager) and middle Management (Managers reporting to Senior Managers)

T2.2.

# Chapter 2

# Chapter 2

## **MUNICIPAL MANAGER: MS. SINDISWA MANKAHLA**

To oversee the administration of and serve as Chief Executive and Accounting Officer of the Municipality

### **Functions**

- Develop and lead an economical, effective, efficient and accountable municipal administration;
- Coordinate processes towards development of Municipal IDP
- Oversee the implementation of the municipality's IDP and Institutional PMS;
- Oversee the appointment of staff other than Section 57 appointees, subject to the Employment Equity Act (55) of 1998;
- Oversee the maintenance of discipline of municipal staff;
- Advise political structures and political office bearers of the municipality;
- Manage communications between the municipality's administration and its political structures and political office bearers;
- Account for the implementation of Council Resolutions;
- Oversee the administration and implementation of municipal by-laws, policies and other legislation;
- Account for municipal income, expenditure and assets; and
- Facilitate participation by the community in the affairs of the municipality

## **CORPORATE SERVICES DIRECTOR: MR. S.M. NODO**

To render Human Resources, Administrative and ICT Support Services.

### **Functions**

- Manage and lead the Human Resources function
- Render Information and Communication Technology (ICT) service and support
- Coordinate Municipal Employee Wellness
- Coordinate records management and access to information in terms of the Promotion of Access to Information Act

## **ACTING CHIEF FINANCIAL OFFICER: MS. N. MDUTYANA & MS N. GIXANE**

To Manage Municipal Finances, Procurement and Assets

### **Functions**

- Render Budget planning, Monitoring, Financial Statements and Reporting;
- Render Accounting functions relating to Expenditure
- Collect and manage income and revenue;
- Render provisioning, assets and fleet management services;
- Render and manage Financial Risk Management Services



# Chapter 2

## **STRATEGIC & DEVELOPMENT PLANNING DIRECTOR: MRS. N. NDLAKU**

To coordinate and manage land use, integrated sustainable economic development and planning, communications.

### **Functions**

- Coordinate Formulation and implementation of Spatial Development Framework (SDF).
- To Stimulate local Economic Development
- To include PDI's into socio economy
- To profile, market and brand the institution

## **COMMUNITY SERVICES DIRECTOR: MR. S. MATIWANE**

To develop and provide sustainable, accessible and affordable services that meet the needs of the Community of Ntabankulu within the legal framework, standards and regulations

### **Functions**

- Support the provision of Library Services
- Solid Waste collection and disposal
- Landfill site Management
- Environmental Management programmes
- Maintenance and Management of Public Amenities e.g. Community Halls, Cemeteries, Pound, Parks & Sport fields
- Traffic-law enforcement and bylaws
- Public Safety Education
- Safeguarding of Municipal Assets and Properties
- Provision of DLTC, MVL and eNatis Services
- Municipal Public Works programs e.g. EPWP/CWP
- Coordination of Public Participation programs and Council Support
- Coordination and Development of Community Sport, Arts and Culture

## **INFRASTRUCTURE PLANNING & DEVELOPMENT DIRECTOR: VACANT**

To plan, develop, operate and maintain infrastructure

### **Functions**

- Provide, facilitate and maintain the following infrastructural services:
- Building and Civil Works Services
- Roads and Storm water Services
- Electricity

**T2.2.1**

## **COMPONENT B: INTERGOVERNMENTAL RELATIONS**

### **INTRODUCTION TO CO-OPERATIVE GOVERNANCE AND INTERGOVERNMENTAL RELATIONS**

Ntabankulu Local Municipality has established Intergovernmental Relations Forum in line with intergovernmental relations framework Act No 13 of 2005 and Regulations. Members of the IGR are members of the National, Provincial departments, Parastatals, District Municipality.

The Municipality has developed terms of reference for the intergovernmental relations forum. These procedures shall serve as Internal Procedures and processes of the Ntabankulu Local Municipality Intergovernmental Relations (IGR) Forum to ensure compliance with Section 33 of the Intergovernmental Relations Framework Act no 13 of 2005.

# Chapter 2

The objectives of the Intergovernmental Relations Forum are clearly outlined in the terms of reference adopted in 2016/2017 by Ntabankulu Local Municipality as follows:

- Coherent Planning and development
- Coordination and alignment of the strategic and performance plans & priorities; objectives and strategies of the municipality
- Coordinating any matter of strategic importance which affects the interests of municipality's stakeholders

The Municipality sat four IGR meetings in the financial year 2016/2017 but challenges were experienced in terms of representation of Sector Departments. This has resulted on lack of information circulating between the Municipality and Sector Departments and between the government institutions and community.

Items included in the Agenda for the IGR Sessions:

- Matters submitted by members of Ntabankulu Local Municipality IGR Forum
- Reports by Ntabankulu Local Municipality on implementation of projects as per the IDP
- Reports by provincial, district sector departments on implementation of projects
- information sharing
- Matters raised on community outreach

-Local Economic Development Forum was established during the year 2015/16 and the purpose of this forum is to have a platform where all economic development matters, business and entrepreneurship issues are shared and discussed. It has also played a vital role in development of the LED Strategy which was done in-house. Number of consultation had to be made. Subsequently The LED strategy had been developed in collaboration with all identified stakeholders and adopted by the council

T 2.3.0

## 2.3 INTERGOVERNMENTAL RELATIONS

### NATIONAL INTERGOVERNMENTAL STRUCTURES

During the year under review the municipality has received funding of R1 231m through Expanded Public Works Program which has created 122 FTE's.

Through engagements with the Department of Environmental Affairs, the municipality had been funded with three projects. The projects are as outlined below:

Street cleaning and beautification project funded with R5M by Department of Environmental Affairs implemented the following projects:

- Beautification of one entrance
- Cleaning of public walkways, litter picking and collection and transportation for the duration of 10months
- Cleaning of illegal dumps and turning them into green open spaces

# Chapter 2

- Youth jobs in waste project with 09 project beneficiaries, 01 Supervisor, 02 Waste administrators, 02 Landfill administrators, 04 Awareness campaigners
- Youth environmental services project with 22 project beneficiaries trained on Nature conservation.
- The municipality had EPWP labour intensive project with 66 beneficiaries, 59 were at Environment and Culture Sector, 10 under Infrastructure sector and 04 under Social sector.
- EPWP standards applied to all the 66 project beneficiaries. The projects had been registered on the EPWP Integrated Reporting System to ensure that all reported work opportunities reflect at national level and are consequently fed into the National Strategic Goal of unemployment reduction.
- These had been done in line with EPWP Ministerial Determination that regulates the implementation of EPWP.

T2.3.1

## PROVINCIAL INTERGOVERNMENTAL STRUCTURE

### MUNIMEC Meetings:

The Municipality has participated in these meetings quarterly. In these meetings Municipalities are urged to improve expenditure on Capital budget and infrastructure grants,

### District Mayors Forums:

The Municipality has participated in these meetings quarterly, where the Mayors of Alfred Nzo District Municipality share information on service delivery progress and challenges in implementing projects.

### District Appraisal Committee:

The meetings are sitting monthly for approval of MIG projects plan to be implemented over the MTREF period in preparation for the Appraisal Committee.

## DISTRICT INTERGOVERNMENTAL RELATIONS FORUM

The Municipality has participated to the above structures for integration of programs and inclusion in the Integrated Development Plan. The Municipality has participated in these forums for reporting and information sharing within government and between government and communities.

## SPATIAL PLANNING

The introduction of Spatial Planning and Land Use Management Act (SPLUMA) in the Eastern Cape Province has been proposed as possible tool to effect spatial transformation. Ntabankulu Local Municipality has participated in the provincial workshops that were coordinated by the Province. An attendance of the municipality has afforded it to develop SPLUMA bylaw and to establish a partnership with Alfred Nzo Municipality towards effective implementation of the Act. The Ntabankulu council resolved on the 30 march 2017 to adopt the spluma bylaw and the public consultation regarding the nomination of members to serve on the municipal Tribunal was issued on the daily dispatch 07 June 2017.

## LOCAL ECONOMIC DEVELOPMENT

The Municipality has participated on the District Support Team (DST) which ensures the integrated approach on planning, implementation and monitoring of Local Economic Programs.

# Chapter 2

This structure has assisted the municipality in successful stimulation and strengthening of the local economic programs of the area. The Municipality has benefited on programs that promote SME start-up and expansion, to build sustainable and competitive tourism, Agro-processing and manufacturing including training of cooperatives which are drivers for economic activity in the areas. The municipality has also explored the utilization of the Local Economic Development Forum which has contributed positively in the development of LED strategy which has been adopted on the 30 March 2017

## MUNICIPAL COMMUNICATION

The municipality has participated in the Local government communicator's forum and IGCF which is coordinated by the Eastern Cape Province. The program has assisted the municipality to effectively implement the Communication Strategy and to use uniform approach in terms of marketing, branding and media relations. The Communications units update the information in the website quarterly and submit the information to the Information Technology unit for publishing in the Municipal website.

T2.3.2

## DISTRICT INTERGOVERNMENTAL STRUCTURES

Alfred Nzo District Municipality has formalized intergovernmental structures such as but not limited:

- District Mayor's Forum
- Speaker's Forum
- IDP/Budget and PMS Representative Forum
- District Communicators Forum

The municipality has participated in District communicators forum to coordinate planning of local events, local media platforms, Local Government Communicators forum: a platform that coordinates all communicators in the Eastern cape in order to report on the implementation of the Communication strategy and new innovations to be implemented in the entire province and Integrated Communicators Forum is called by Office of the Premier to plan the MEC Imbizo's and visits to Local Municipalities in order to have a uniform approach in terms of Branding, Marketing, Media Relations and Protocol. The Speaker, Councilor N. Ndabeni participates in the district's Speakers Forum to represent Ntabankulu Local Municipality. These structures assisted the Municipality in ensuring that there is integrated planning at national, provincial, district and local level.

T2.3.4

# Chapter 2

## COMPONENT C: PUBLIC ACCOUNTABILITY AND PARTICIPATION

### OVERVIEW OF PUBLIC ACCOUNTABILITY AND PARTICIPATION

The Ntabankulu Local Municipality inculcated a culture for accountability among its staff, councilors, and traditional leaders, participating in the council, for public accountability. In the staff establishment of the municipality, the Public Participation and Council Support Division is attached to the Office of the Speaker. Administratively, the unit reports to the Director: Community Services.

The municipality has established the Executive Committee in terms of section 43 of the Municipal Structures Act, which is chaired by the Mayor, Councilor V. Mgoduka. The Executive Committee sits quarterly to consider the institutional compliance and reporting.

The Municipal Council also established five section 80 committees. The committees are chaired by portfolio heads and are composed of councilors, Senior Managers, and Traditional Leaders.

The Municipal Council has established three section 79 committees such as (1) Municipal Public Accounts Committee, which is chaired by Councilor B.Z. Ndamase, (2) Petitions and Public Participation Committee, which is chaired by Councilor N. Ncekana, (3) Rules, Ethics and Members' Interests Committee, which is chaired by Councilor M. Nqwazi.

The Municipality has IDP, IGR & PMS unit under the Office of the Municipal Manager. There is an IDP & Budget technical Committee which is chaired by the Municipal Manager and IDP/IGR & Budget representative forum which is chaired by the Mayor.

These committees sit quarterly for municipal planning & reporting. The IDP/IGR & Budget representative forum is composed of Councilors, Senior Management, Ward committees, Sector Departments, NGO's, Parastatals, Religious leaders, Traditional Leaders, Alfred Nzo District Municipality. These forums share information within government and between government and community at large within the Municipality.

T 2.4.0

# Chapter 2

## 2.4 PUBLIC MEETINGS

### COMMUNICATION, PARTICIPATION AND FORUMS

Marketing and Communications Division within the Strategic & Development Planning Directorate is responsible to communicate to the public all matters the municipality wishes and is compelled to communicate.

Four Bulletins have been printed including articles that were sent to local newspaper. This is done through Local Newspapers, Formal Notices on Municipal buildings, Flyers, brochures, Municipal Website local community radios and through our Local Newsletter "Kwakhanya Ntabankulu".

The gap analysis was done and presented in the workshop where marketing strategy and communication strategy were consolidated. The Communication Strategy Review Workshop was well attended by all stakeholders from the Sector Departments to the media houses. The communication strategy which incorporated the information from Sector Department was adopted by council for implementation.

- The LCF meetings were held quarterly to communicate the implementation of the strategy.
- The round table were held quarterly and were all well attended by different people representing various structures.
- Council outreach to traditional councils, Council of churches and sector departments was conducted in September 2016.
- Panel discussion was held with religious leaders, business leaders, SGB, Principals, Hawkers, media house and CDW's.
- The Facebook page created and all events were publicised.
- Handing over of electrification projects, roads, community halls and pre-schools was done.
- Two engagement meetings with rate payer association were held this financial year.
- Media briefings were done in a form of interviews in all events.
- Talk to your portfolio head radio programme was done in 2016/2017 financial year.
- Know your ward councillor radio programme was also done at the Alfred Nzo Community Radio.
- Back to school campaign was done in January 2017.
- Information day and Services on wheels outreach was done in ward 04 eMacwerheni.
- Roadshows and taxi rank activations and walk about was done in the urban area.
- Talent search grand finale was held to celebrate the June 16 youth event.

The Mayor as the person responsible for identification of the needs of the community also embarks on Mayoral outreach programs which are intended to reach out to communities to address their concerns on service delivery.

- For the financial year 2016/2017 The mayor had two mayoral outreach programs for all 17 wards from the 15-18 November 2016 for review of community based plans and 9 – 12 May 2017 for communication of draft IDP projects of the next financial year 2017/2018 with turnout of +/- 3000 community members.

# Chapter 2

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- The Mayor was providing progress on implementation of projects to the public, challenges and corrective measures to be put in place to complete those projects. The Municipality was also verifying ward based plans/priorities for inclusion in the Integrated Development Plan.
- The Mayor Champions the development of the Integrated Development Plan which requires involvement of communities.
- The IDP, Budget & PMS Representative forum chaired by the Mayor was convened 4 times for the financial year 2016/2017 as scheduled in the adopted IDP, Budget & PMS Process Plan.

T2.4.1

# Chapter 2

## WARD COMMITTEES

The Ntabankulu Local Municipality has established ward committees in all 17 wards with 170 ward committee members after the 2016 local government elections. The ward establishment process started in the first quarter, and completed in the second quarter of 2016/17 financial year. The ward committees were all inducted in the local government legislation including their roles and responsibilities. The Ward Committee Functioning Policy has been reviewed and approved by the Council. The primary role of ward committees is to link the municipal planning processes to the ward communities, their constituencies and / or wards.

The aim is to ensure that communities understand the purpose and key mechanisms of the IDP, Budget and Performance Management. Ward committees serve as structures that help to facilitate public consultation and participation for communities to be actively involved to government programs in their wards and they provide feedback to their communities on the IDP & Budget/Service Delivery programs.

T2.4.2

Public Meetings						
Nature and purpose of meeting	Date of events	Number of Participating Municipal Councillors	Number of Participating Municipal Administrators	Number of Community members attending	Issue addressed (Yes/No)	Dates and manner of feedback given to community
Conducted Ward conferences to promote ward committee accountability to communities	01-07 June 2017	34	08	2 066	Yes	01-07 June 2017. Progress report on ward committee performance was presented by ward committee to the communities.
IDP outreach for all wards in November 2016 to present progress to date on implementation of projects and confirmation of community ward priorities	15 - 18 November 2016	43	25	1500	Yes	15-18 November 2016
Intergovernmental Relation Forum to prepare for IDP/Budget outreach program and establishment of the IGR Forum	29-Sep-16	35	15	40	Yes	28 September 2016 during discussions session
Intergovernmental Relation Forum	12 December 2016	40	16	20	Yes	12 December 2016 during discussions session
Intergovernmental Relation Forum	27 March 2017	35	18	30	Yes	27 March 2017 during discussions



# Chapter 2

						session
Intergovernmental Relation Forum	22n June 2017	20	10	30	Yes	22 June 2017 during discussions session
There were two Know Your Rights Programmes conducted in two wards, namely ward 06 and 15. The purpose of the program was to conduct public education on constitutional rights and obligations to community members.	24 July 2016 at ward 06 and 16 March 2017 at ward 15	34	10	761	Yes	24 July 2016 and March 2017 Bill of Rights Awareness programs
Maintenance of Ntabankulu municipal access roads	15 February 2017	1	2	33	Yes	15 February 2017. Site hand over to contractor
Moral Regeneration Movement	16 May 2017	34	08	250	Yes	16 May 2017 awareness programs on initiation schools
IDP & Budget Outreach for all wards for presentation progress on projects implemented for the financial year 2016/2016 and planned projects for the next five years and 2017/2018	9-12 May 2017	43	30	3500	Yes	9-12 May 2017 during discussions
State of the Municipal Address	31-May-2017	48	30	1500	Yes	31 May 2017 during discussion session

T2.4.3

# Chapter 2

## COMMENT ON THE EFFECTIVENESS OF THE PUBLIC MEETINGS HELD:

For ward conferences, the program was targeting to provide the progress report on ward committee performance and also to give a feedback on projects implemented in the last five years and projects prioritized for 2017/18. In essence, the program was effective and successful, because it provided a platform for community members to engage the municipality and state departments in various areas of concern regarding to service delivery in all 17 wards.

For Know your rights program, communities were taught about their constitutional rights and their responsibilities particularly when they are complaining /protesting for government services. The purpose of the programs incorporated the issues stipulated below:

- Information sharing between government and the members of public,
- Municipality had a platform to analyze public views and comments on service delivery,
- Interaction of government officials and community

Received real challenges affecting community on the implementation of government programs for service delivery.

For Moral Regeneration Movement, the program focused on practice traditional custom such as the initiation tradition. The main objective was to eliminate appalling loss of life from teenage boys during the transitional period to manhood. The programme involved different relevant sector departments, as key-role-players, namely: Departments: Health, Home Affairs, Justice, Education and Social Development to provide required support and services. The program was conducted in collaboration with the traditional authorities as the custodians of the traditional custom and it was successful.

T2.4.3.1

## 2.5 IDP PARTICIPATION AND ALIGNMENT

IDP Participation and Alignment Criteria*	Yes/No
Does the municipality have impact, outcome, input, output indicators?	Yes
Does the IDP have priorities, objectives, KPIs, development strategies?	Yes
Does the IDP have multi-year targets?	Yes
Are the above aligned and can they calculate into a score?	Yes
Does the budget align directly to the KPIs in the strategic plan?	Yes
Do the IDP KPIs align to the section 57 Managers	Yes
Do the IDP KPIs lead to functional area KPIs as per the SDBIP?	Yes
Were the indicators communicated to the public?	Yes
Were the four quarter aligned reports submitted within stipulated time frames?	Yes

# Chapter 2

## COMPONENT D: CORPORATE GOVERNANCE

### OVERVIEW OF CORPORATE GOVERNANCE

Corporate Governance within the Municipality resides in the Office of the Municipal Manager who has the responsibility to ensure adherence to municipal policies and by-laws. This function has been delegated to all directorates.

Municipal by Laws were last regazzetted in 2010 and Municipal Policies were reviewed in 2016/2017 and approved by Council on the 30 May 2017. Municipal By-laws were reviewed, community consultations were conducted in the financial year 2015/2016, waiting approval by Council

Delete Directive note once comment is complete - Please explain in brief the scope of corporate governance.

T2.6.0

### 2.6 RISK MANAGEMENT

#### RISK MANAGEMENT

The Municipality enhanced its risk management efforts in order to identify, respond and mitigate the risks that may impede its ability to achieve its objective. The municipality has performed its risk assessment on the 15 June 2017 for the 2017/2018 financial year and constantly monitors them throughout the financial year.

In doing this, the municipality must actively monitor its efforts and actions through risk management. In year monitoring includes periodic monitoring of its actions that are designed to mitigate the impact of the risks that are in the risk register developed at the beginning of the financial year. The Municipality has established risk management committee which is constituted of risks champions from each directorate.

The municipality has appointed a Risk and Compliance officer with effect from 16 May 2017, furthermore a risk management committee was established which constitutes of risks champions from each directorate.

#### Service Department Role:

- To identify threats that may prevent the department to achieve its objectives
- To ensure the safe guarding of municipal assets and proper management of municipal funds,

#### Top five risks of the Municipality

- Non-compliance with legislative prescripts
- Exposure to fraud
- Inadequate government structures
- Loss of institutional Memory
- Ineffective customer care processes

T2.6.1

# Chapter 2

## 2.7 ANTI-CORRUPTION AND FRAUD

### FRAUD AND ANTI-CORRUPTION STRATEGY

There were no cases of financial misconduct in the Municipality. The Municipality has developed and adopted its Fraud and corruption prevention policy. The policy is established to facilitate the development of controls that will aid in the prevention and detection of fraud against the Municipality. It is the intent of NLM to promote consistent Organisational behavior by providing guidelines and assigning responsibility for the development of controls and conduct of investigation.

The policy also entails processes to be followed in terms of reporting fraud and also incorporates the whistle blowing.

T2.7.1

## 2.8 SUPPLY CHAIN MANAGEMENT

### OVERVIEW SUPPLY CHAIN MANAGEMENT

The Supply Chain Policy has been reviewed and adopted by the Council on 27<sup>th</sup> of May 2016. The Supply chain unit is established and fully functional with all the Bid Committees functional. The Municipality complies with the SCM policy and with the legislations, circulars and gazette. The procurement plan has been developed for 2015/2016 and all bid documents exist.

The irregular expenditure report for the year was audited by the internal audit and the findings were responded to. The document management is being improved. Awards above R30 000 were reported to Council and National Treasury on quarterly basis. The data base is updated timeously on an electronic supply data base system. The Municipality does not have any long term contract awarded during the current financial year. The supply chain officials together with the bid committee members were trained for the period under the review. The consequence management is also in place and implemented. Staff turnover, supply chain management manager, supply chain accountant, acquisition clerk, logistics clerk, one intern and one trainee.

T2.8.1

## 2.9 BY-LAWS

No	List of By Laws: Gazetted in 2010
1.	Unightly and Neglected Buildings and Premises By Law
2.	Pound By Law
3.	Fencing By Law
4.	Cemeteries, Funeral Undertakers and Crematoria By Law
5.	National Buildings Regulations and Building Standards By Law
6.	Control of temporary advertisement By Law
7.	Storm water Management By Law
8.	Policy and Street Naming and Awarding of Council Orders By Law

# Chapter 2

9.	Dumping, littering and Waste Collection By Law
10.	Disposal of Contaminated and/or Health Care Risk Waste By Law
11.	Control of Refuse Disposal Sites By Law
12.	Liquor Trading Hours By Law
13.	Tariffs By Law
14.	Advertising By Law
15.	Sale of food By Law
16.	Street Trading By Law
17.	Credit Control and Debt Collection By Law
18.	Roads and Traffic By Law

## COMMENT ON BY-LAWS:

The municipality has By-laws that are in line with the National and Provincial legal framework. The municipal Bylaws were gazetted on the 15<sup>th</sup> January 2010 in the Provincial Gazette. The municipality is currently reviewing by-laws for council adoption and re-gazetting. The municipality is enforcing the by-laws as gazetted on the 15<sup>th</sup> January 2010. The municipality is also engaging with stakeholders in the process of by-law enforcement.

T2.9.1.1

## 2.10 WEBSITES

Municipal Website: Content and Currency of Material		
Documents published on the Municipality's / Entity's Website	Yes / No	Publishing Date
Current annual and adjustments budgets and all budget-related documents	Yes	Annual budget : 3rd of July 2017
All current budget-related policies	No	Not posted as yet
The previous annual report (Year -1)	Yes	April 2016
The annual report (Year 0) published/to be published	Yes	September, December
All current performance agreements required in terms of section 57(1)(b) of the Municipal Systems Act (Year 0) and resulting scorecards	Yes	July 2016
All service delivery agreements (Year 0)	No	Not Applicable
All long-term borrowing contracts (Year 0)	No	Not Applicable
All supply chain management contracts above a prescribed value (R30,000) for Year 0	Yes	Monthly awards are published cumulative, the previous is

# Chapter 2

		replaced by the current)
An information statement containing a list of assets over a prescribed value that have been disposed of in terms of section 14 (2) or (4) during Year 1	No	Not Applicable
Contracts agreed in Year 0 to which subsection (1) of section 33 apply, subject to subsection (3) of that section	No	Not Applicable
Public-private partnership agreements referred to in section 120 made in Year 0	No	Not Applicable
All quarterly reports tabled in the council in terms of section 52 (d) during Year 0	Yes	Quarterly

## T2.10.1.1

### COMMENT MUNICIPAL WEBSITE CONTENT AND ACCESS

Municipal website is used to Inform, educate, brand and Market the municipality to keep the public informed about Municipal Programmes. All Municipal compliance documents are available. There is content and there is free Wi-fi which is limited only around Headquarters of the Municipality, the website is publicised in all Municipal publications (Letterhead, newsletter and Municipal business cards etc). It is accessible to everyone who has means in terms of data or internet.

T2.10.1.1

## 2.11 PUBLIC SATISFACTION ON MUNICIPAL SERVICES

### PUBLIC SATISFACTION LEVELS

Ntabankulu Local Municipality has 17 Wards, out of those Wards we have conducted surveys in all wards, and the outcomes in these wards people were satisfied. Contrary to the view of the people of Ntabankulu as whole who were previously dissatisfied but due to improvements with stakeholder engagements people are happy with the continuous feedbacks. Proof of this, there has been very few service delivery protests in Ntabankulu.

The following systems are in place to deal with public relations:

- Communication strategy
- Customer services charter,
- Customer Care policy &
- Customer Care Unit to implement the Batho Pele principles.
- Petitions Management committee

The Municipality conducted a survey on refuse removal services rendered by October and November 2014 and the results reflected as follows:

- 82% of the community members are quite satisfied with the services rendered
- 18% of the community members are complaining about the following:
  - Cleaning around their areas (peri-urban area) in a form of litter picking
  - Delays on collection of refuse wheelie bins by a waste collecting truck

T2.11.1

# Chapter 2

Satisfaction Surveys Undertaken during: Year -1 and Year 0				
Subject matter of survey	Survey method	Survey date	No. of people included in survey	Survey results indicating satisfaction or better (%)*
<b>Overall satisfaction with:</b>				
(a) Municipality	Questionnaires & Complaints book	July 2016-June 2017	Community at large	95%
(b) Municipal Service Delivery	Questionnaires	Same as above	500	70%
(c) Mayor	Questionnaires	Same as above	500	70%
<b>Satisfaction with:</b>				
(a) Refuse Collection	House to house	July 2016-June 2017	230	70%
(b) Road Maintenance	Questionnaires	Same period	180	40%
(c) Electricity Supply	Questionnaires	Same period	180	68%
(d) Water Supply	Questionnaires	Same period	180	30%
(e) Information supplied by municipality to the public	Newsletter, Radio slots, Website Local Newspapers	Same period	Community at large	70%
(f) Opportunities for consultation on municipal affairs	Outreach Public participation Community meetings (Imbizo) Walks-in	Quarterly	Community at large	80%

The customer care surveys were conducted in all wards as per the annual target; a questionnaire method was used to conduct those surveys and there are supporting documents. Also attended the queries that emanated from Presidential Hotline and percentage response were at 70%.

T2.11.2.1

## COMMENT ON SATISFACTION LEVELS:

The Community is satisfied with the Municipality customer care as the community always states that the Municipal Employees treat them with respect and courtesy as they apply the Batho Pele principles in dealing and attending community issues and rendering services to the community.

# Chapter 2

In the survey questionnaires they have indicated that the service delivery has improved in Ntabankulu even the service delivery protests have reduced in Ntabankulu in the financial year 2016/17.

The municipality made an effort of adding contract workers through the funding received from the Department of Environmental Affairs. The workers focused on street cleaning and beautification within the urban area so as to improve the cleaning standards. The municipality provided all the serviced households with wheelie bins to ensure that the residential area is free of illegal dumping areas.

T2.11.2.2



# Chapter 3

## INTRODUCTION

The Summary of the IDP objectives for the 5 years is as follows:

- Ensure a responsible, functional, accountable and responsive administration by adhering to policies and prescripts by 2017
- To provide cost effective, quality and sustainable infrastructure that promotes economic and social development whilst creating and maximizing job opportunities
- Increasing number of employment opportunities in the Ntshabankulu Local Municipality by creating enabling environment for sustainable growing diversifying economy and to increase standard of living by June 2017
- Ensure optimal use of resources effectively and efficiently by June 2017
- To promote the values of good governance and human rights

The Municipality has four service delivery directorates which are as follows:

- Strategic & Development Planning Directorate
- Community Services Directorate
- Infrastructure Planning & Development
- Office of the Municipal Manager (Project Management Unit)

Office of the Municipal Manager: Project Management Unit

The Municipality has a three year capital plan adopted by council and reviewed annually. During the financial year 2016/2017 the Municipality planned to electrify 6839 households and achieved to electrify 6839 households through Eskom program and Municipal Program (Schedule5 and Schedule6). On roads infrastructure the Municipality completed 22, 5 km's of roads and 12 km's have overlapped to 2017/2018 financial year. On community facilities the municipality upgraded 4 community halls, 1 community hall still under construction, constructed 1 preschool, 2 sports fields still under construction and 12 units of public ablution facilities have been completed.

T3.0.

# Chapter 3

## COMPONENT A: BASIC SERVICES

This component includes: water, waste water (sanitation); electricity; waste management; and housing services; and a summary of free basic services.

### INTRODUCTION TO BASIC SERVICES

Roads infrastructure in the municipality is classified as worse as most areas are inaccessible, more specially on rainy weather conditions. About 99.5% of our roads are gravel roads. Even the roads that are classified as district roads that link Ntabankulu to Flagstaff through DR08019 and M1 Frere through DR080125 are gravel which is now deteriorated.

The municipality is in dire need for tarring of both major District Roads (DR08019 and DR 080125) notwithstanding those other district roads in the municipality also need serious attention.

Municipal Infrastructure Grant funding for the financial year 2016/2017 was R35 960,000. More funding is needed to better the status of roads infrastructure as the current backlog is about 566,3km of access roads, and 280,99 km of District Roads.

The Municipality has constructed and completed the following projects for the financial year 2016/2017 through MIG Funding and Equitable Share,

- Rehabilitation of 6,5 km of gravel access road at Buntshentshe in ward 10 with total budget of R4 971 511.73
- Construction of 3km Gogo-Matha Gravel Access road in ward 16 with a total budget of R2 740 139.8
- Surfacing of 2 km's of Ntabankulu main street Phase 2 in Ntabankulu town with a total budget of R22 000 000
- Construction of 6.5km of Madwakazana access road in Ward 7 with total budget of R3 448 208.87
- Construction of 2,5 km of Mjelweni Gravel access road in Ward 12 with the total budget of R2 000 000

Constructions of the following projects have overlapped to the 2017/2018 financial year as they were not completed in the financial year under review, 2016/2017.

- Ntabankulu MPCC in Ntabankulu town in ward 8
- Construction of 10 km of Bhayi-Nllangano Gravel Access road in ward 01 with total budget of R7 902 395.31
- Madwaba Preschool in Ward 3
- Bulelani Preschool in Ward 8

# Chapter 3

-Cacadu Sport field

-Municipal Offices

-Transido Market place

The Municipality did not have sufficient budget for road maintenance, only 3% of the operational budget allocated for maintenance. The following projects were maintained in the financial year 2016/2017.

-Mhleleni access road in ward 2 and

-Chibini to Nyabeni via Mandleni access road in ward 3

-J.J Ntlabathi community hall

-Ludeke community hall

-Dambeni community hall

-Fencing of municipal cemetery in urban area

Alfred Nzo District Municipality is a water services Authority as per the Water Services Act. The estimated backlog for water is +/-50%. A water service in the municipality is largely bad with most of water schemes not functional, with faults ranging from malfunctioning boreholes to water purification. The municipality is largely not having access to water that fall within RDP Standards. The status of sanitation is no exception, with about 70% backlog. Only about 8,000 households have access to sanitation facilities in the area.

The municipality has 27 481 households with only about 12430 households benefiting from grid electricity and 15 051 living without electricity. Allocation for 2016/2017 financial year is R40m as per DORA bills off which R20, 7m went towards servicing the DBSA loan.

The municipality has progress well in terms of grid electricity as a result the municipality has also received an amount of R2 million from the re-gazetted fund.

The Office of the Premier funded the municipality with R23, 5 million to be utilised for roll out of electricity in the 2015/2016 and 2016/2017 financial years. There were 1248 households from ward 3 and 12 (Tsita, Mthukazi, Buhlamba, Mhlonyaneni and Tontl) which have been electrified. Cogta funded the municipality with R13m to electrify 1200 households from ward 3, 7, 16, 17.

The Municipality had 365 beneficiaries which were receiving free basic energy in the form of conventional electrification, 5580 beneficiaries for paraffin and 100 beneficiaries for solar.

For the financial year 2015/2016 there is additional services which are rates & refuse for the urban area beneficiaries. The list of free basic services for the financial year 2015/2016 shall be as follows:

# Chapter 3

Rates	
Refuse	
Electricity	
Solar	
Paraffin	
<p>The municipality embarked on review of registration for the benefit of free basic services before the start of every financial year. The municipality then consolidates the indigent register for the qualifying applicants. The indigent register gets approved by the Council before the beginning of each financial year. The Municipality has employed two employees to execute indigent services which are, Indigent Coordinator and Indigent Administrator under the Budget &amp; Treasury Office, Revenue Division.</p> <p>The Indigent Steering Committee has been established and is functional. The committee was constituted of the Ward Councilors, Ward Committees, Community Development Workers, Traditional Leaders and Religious leaders. The committee is chaired by budget &amp; treasury Portfolio Head.</p> <p>The District Municipality supports the Ntabankulu Local Municipality through provision of indigent verification system called RUMAS.</p>	
<b>COMMENT ON ACCESS TO BASIC SERVICES</b>	
<p>The Municipality has managed to reduce community protests, community members demanding electricity through the engagement of different stake holders like Eskom, the office of the premier and Cogta where in commitments were made to electrify 10958 households from different wards in Ntabankulu.</p> <p>Electricity challenges within Ntabankulu jurisdiction were aggravated by the fact that there was no sub-station to provide energy capacity of which that has been sorted through the engagements, construction of the sub-station is complete and that will enable the Municipality to be able to provide grid electricity into all households within Ntabankulu Jurisdiction.</p> <p>The Municipality is still challenged by shortage of funding to provide other types of infrastructure like roads, community facilities (pre-schools, sporting facilities, community halls) and the LED infrastructure even though strides has been made to use the equitable share for the provision of the infrastructure. Huge backlogs are noticeable with pre-schools, roads, Sports fields. The community halls are in existence in many areas even though they require to be upgraded and the municipality has upgraded 5 community halls for the financial year 2016/2017.</p>	
T3.1.0	

# Chapter 3

## 3.1. WATER PROVISION

### INTRODUCTION TO WATER PROVISION

Ntabankulu Local Municipality is not a water services authority. Below is a summary of water services projects implemented by the Alfred Nzo District Municipality in the Ntabankulu Area during the financial year 2016/2017

Ntabankulu Ward 3&7 Sanitation	03 & 07	370 VIP toilets completed in Ward 07.	R4 410 035.85	370	None	None
Nyokweni/ Bornivini Regional Water Supply Scheme	08	Mechanical and Electrical works underway, project to be complete by 30 June 2017.	R49 994 291.29	560	Insufficient funding within the Municipality to complete the project within timeframe.	None
Upgrading of Ntabankulu Town Sewer	08	90% of the work is complete. Project to be completed by 30 November 2017.	R42 930 653.80	589	Insufficient funding within the Municipality to complete the project within timeframe.	Municipality in talks with Department of Human Settlement in pursuit of securing funding
Ntabankulu 471 RDP Housing (Sewer & Water Retic)	08	86% of the work is complete. Project to be completed by 30 June 2017.	R 22 249 466.81	471	Funding that was promised by Department of Human Settlements never came, hence the challenges with insufficient funds.	
Bunjenje Water Supply	10	The project is complete with minor snags being undertaken. The community is receiving		26	None	None

# Chapter 3

		water.				
Nyabeni Water Supply	03	7250m out of 7250m of pipelines complete. 28 out of 28 standpipes complete. 9 out of 9 Isolation Valves complete. One roof slab for pump station is complete, borehole pump engine and fittings still to be installed. Construction of Air Valves is under way.		127	None	None
Rwanisana/Nkumba	04	The project is programmed to start on 13 March 2017		138	None	None
Mhleleni Water Supply	02	4316m out of 4316m of 90mm uPVC pipes have been laid. 200 Kl Tank at Booster pump station complete. 9 out of 9 Air Valves complete; 3 out of 3 Scour Valves complete.		397	None	None
Refurbishment of rural water schemes	10,14,07	Lunzwana Scheme: Installation of additional communal taps. Mvenyane scheme: Spring	R 32 170 000			
			R1 500 000.00			

# Chapter 3

Drilling of boreholes	3, 10, 11 & 14	Protection: installation and connection of the tank to reticulation system.  Caba water scheme: Replacement of the main pipeline.  Mngciphongweni water scheme: Installation of additional communal taps.	R5 000 000.00			
		Drilling of boreholes in different villages: Tsita; Lugagaxa, Lubala, Mbhangweni and Mijila.				

Alfred Nzo is a water services Authority as per the Water Services Act. Through the section 78 process of the Municipal Systems Act, Alfred Nzo took a decision to do an internal provision. This therefore means that the municipality is an Authority and a Provider. The municipality has given a key focus on Water services, as part of its implementation of the municipal turnaround strategy. The estimated backlog for water is 86, 6%. It is worth noting that there are schemes that are running smoothly despite the predicament of the area with regards to delivery of water services. A water service in the municipality is largely bad with most of water schemes not functional, with faults ranging from malfunctioning boreholes to water purification. The municipality is largely not having access to water that fall within RDP Standards.

13.1.1

# Chapter 3

Employees: Water Services						
Job Level	Year -1		Year 0		Vacancies (as a % of total posts)	
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	No.	%
Not applicable	Not Applicable	No.	Not Applicable	No.	Not Applicable	Not Applicable
This is not applicable to Ntabankulu Local Municipality as the Municipality do not carry out these services.						
T3.1.7						

## 3.2 WASTE WATER (SANITATION) PROVISION

### INTRODUCTION TO SANITATION PROVISION

The status of sanitation is no exception, with about 70% backlog. Only about 8,000 households have access to sanitation facilities in the area. There are projects that are under construction, and some have been recently completed. The facilities in town need upgrading to water borne system. Ablution facilities in the town are currently inadequate (Ntabankulu Taxi Rank). Two sets of ablution facilities had been constructed at ERF 286 (Ncedo Taxi Rank) and Shoprite shopping complex but more is still needed. The water borne sewer system in the urban area is being upgraded by the Alfred Nzo District Municipality but the progress for construction has been very slow. The district municipality went on to increase the tariffs for money sucker by more than 500% which makes it difficult for the community members to access the services as a result the town is always flooded by waste water and sewer.

Completion of construction of the waste water treatment works system will finally reduce effluent volumes caused by septic tanks. Bulk Water and Sanitation is planned by the Alfred Nzo District Municipality as outlined by Chapter seven of the IDP.

T3.2.1



# Chapter 3

Job Level	Year -1	Year 0			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable
Ntabankulu Local Municipality does not carry out these services. T 3.2.7					

## 3.3 ELECTRICITY

### INTRODUCTION TO ELECTRICITY

Electricity roll out within Ntabankulu jurisdiction has been improved tremendously from 18% to 60% at the end of the financial year 2016/17. During financial year 2016/17 5303 households were planned and achieved and that increased the number of households benefiting from grid electricity to 16 488.

Through the engagements of the office of the Premier and Eskom, in financial year 2016/17 construction of Amacwerha sub-station was completed at a cost of 160m. The sub-station will assist to address the challenges of electricity capacity shortages to supply the remaining electrification backlog.

The remaining backlog is at Amacwerha area where the municipality is still challenged to source funding to address it.

T3.3.

Households - Electricity Service Delivery Levels below the minimum						Households
Description	Year -3	Year -2	Year -1	Year 0		Actual
	Actual	Actual	Actual	Original Budget	Adjusted Budget	
	No.	No.	No.	No.	No.	
<b>Formal Settlements</b>						
Total households						
Households below minimum service level						
Proportion of households below minimum service level						
<b>Informal Settlements</b>						
Total households				580	580	580
Households below minimum service level						

# Chapter 3

Proportion of households ts below minimum service level						
T3.3.4						

# Chapter 3

Service Objectives	Outline Service Targets	Electricity Service Policy Objectives Taken From IDP									
		Year -1		Year 0		Year 1		Year 2		Year 3	
		Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual
Service Indicators		*Previous Year (iii)	(iv)	*Previous Year (v)	(vi)	*Current Year (vii)	(viii)	*Previous Year (ix)	(x)	*Current Year (xi)	(xii)
(i)	(ii)										
To increase the number of households with access to electricity to 12 199 household by June 2017	To electrify 1941 households by June 2017	930	930	1941	1941	2157	1941	1500	1500	950	950
<p>Note: This statement should include no more than the top four priority service objectives. The indicators and targets specified above (columns (i) and (ii)) must be incorporated in the indicator set for each municipality to which they apply. These are 'universal municipal indicators'. * 'Previous Year' refers to the targets that were set in the Year -1 Budget/IDP round; * 'Current Year' refers to the targets set in the Year 0 Budget/IDP round. * 'Following Year' refers to the targets set in the Year 1 Budget/IDP round. Note that all targets in the IDP must be fundable within approved budget provision. MSA 2000 chapter 5 sets out the purpose and character of Integrated Development Plans (IDPs) and chapter 6 sets out the requirements for the reduction of performance management arrangement by municipalities in which IDPs play a key role.</p>											

T 3.3.5

# Chapter 3

Employees: Electricity Services					
Job Level	Year -1	Posts	Year 0		
	Employees		Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.		No.	No.	%
0 - 3	1	1	0	0	0
4 - 6	1	1	0	0	0
7 - 9					
10 - 12					
13 - 15					
16 - 18					
19 - 20	2	2	0	0	0%
Total	1	1	0	0	0
This unit is only for in-house electricity maintenance for capital projects the Municipality outsources the function.					
T3.3.6					

Capital Projects	Year 0				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
<b>MIG Grant</b>					
Buntshenthe Access road	4,971,511.73	0	4,621,143.55	0%	4,971,511.73
Bhayi to Ntlangano access road	7,902,395.31	0	5,984,090.01	0%	7,902,395.31
Madwakazana Access Road	3,448,208.87	0	3,343,589.88	0%	3,448,208.87
Cacadu Sports Field	1,471,495.21	0	1,471,495.21	0%	1,471,495.21
Ntabankulu Sports Field	3,107,753.82	0	3,107,753.82	0%	3,107,753.82
MPCC	26,118,059.34	0	22,843,179.66	0%	26,118,059.34
<b>Provincial Treasury Grant</b>					
Ntabankulu Internal	22,000,000.00	13,163,121.33	20,248,202.13	40%	35,163,121.33

# Chapter 3

Streets(Main road)					
<b>Equitable Share</b>					
Mjelweni Access Road	2,086,133.62	0	2,086,133.62	0%	2,086,133.62
Xhopho Pre-School	471,691.12	0	386,397.12	0%	471,691.12
Mpoza Pre- Schools	273,604.91	0	129,045.12	0%	273,604.91
Zola Community Hall	470,814.68	0	248,511.74	0%	470,814.68
Madwaba Preschool	700,000.00	0	637,334.44	0%	700,000.00
Bulelani Preschool	700,000.00	0	586,176.03	0%	700,000.00
Bakuba Community Hall	531,608.22	0	529,864.63	0%	531,608.22
Bomvini Community Hall	608,766.84	0	608,766.84	0%	608,766.84
Mjila Community Hall	563,550.45	0	563,550.45	0%	563,550.45
Dungu Community Hall	588,548.69	0	588,548.69	0%	588,548.69
<i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate.</i>					<b>T 3.7.8</b>

## COMMENT ON ELECTRICITY SERVICES PERFORMANCE OVERALL:

Ntabankulu Local Municipality has budgetted for electrification projects through schedule 5 and schedule 6.

**T3.3.9**

## 3.4 WASTE MANAGEMENT (THIS SECTION TO INCLUDE: REFUSE COLLECTIONS, WASTE DISPOSAL, STREET CLEANING AND RECYCLING)

### INTRODUCTION TO WASTE MANAGEMENT

The municipality delivers waste management services that include waste removal, waste recycling and waste disposal. The waste management is done in a manner that does not conflict with section 7 or 8 of the National Environmental Management: Waste Act No. 59 of 2008 and the Integrated Waste Management Plan (IWMP). The IWMP was adopted by the council and had been approved by the MEC in the Department of Economic Development, Environmental Affairs and Tourism.

The services are rendered within the urban area, including business and residential areas. The municipality has extended waste management services to cover 471 RDP households.

**T3.4.1**

# Chapter 3

Waste Management Service Policy Objectives Taken From IDP									
Service Objectives	Outline Service Targets	Year -1		Year 0		Year 1		Year 3	
		Target	Actual	Target	Actual	Target	Actual	Target	Actual
Service Indicators		*Previous Year		*Previous Year	*Current Year			*Current Year	*Following Year
(i)	(ii)	(iii)	(iv)	(v)	(vi)	(vii)	(viii)	(ix)	(x)
<b>Service Objective xxx</b>									
Ensure the implementation of the Integrated Waste Management Plan (IWMP) by June 2017	Report on the implementation of IWMP by 30 June 2017	Coordinate cleaning programs in line with IWMP	Coordinate cleaning programs in line with IWMP	Coordinate cleaning programs in line with regulatory framework	Provision of waste disposal cell backfilling machinery; management of waste disposal cells, recycling facility	Provision of waste disposal cell backfilling machinery; management of waste disposal cells, recycling facility	Provision of waste disposal cell backfilling machinery; management of waste disposal cells, recycling facility	Ensure the implementation of the Integrated Waste Management Plan (IWMP) by June 2017	Report on the implementation of IWMP by 30 June 2017
	Extend waste collection and disposal services to 471 settlements by 30 June 2017								
<p>Note: This statement should include no more than the top four priority service objectives. The indicators and targets specified above (columns (i) and (ii)) must be incorporated in the indicator set for each municipality to which they apply. These are 'universal municipal indicators'. * 'Previous Year' refers to the targets that were set in the Year -1 Budget/IDP round; * 'Current Year' refers to the targets set in the Year 0 Budget/IDP round. * 'Following Year' refers to the targets set in the Year 1 Budget/IDP round. Note that all targets in the IDP must be fundable within approved budget provision. MSA 2000 chapter 5 sets out the purpose and character of Integrated Development Plans (IDPs) and chapter 6 sets out the requirements for the reduction of performance management arrangement by municipalities in which IDPs play a key role.</p>									
T 3.4.4									



# Chapter 3

Employees: Solid Waste Management Services					
Job Level	Year -1	Posts	Year 0		
	Employees		Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3					
4 - 6	1	3	2	1	33.3
7 - 9	6	8	5	3	38%
10 - 12					
13 - 15					
16 - 18	14	17	15	2	12.6%
19 - 20					
Total	21	28	22	6	21.4%

Over and above the number of employees, the municipality has created 34 temporary job opportunities for EPWP personnel to our work force in the waste management unit. The project has assisted in alleviation of unemployment rate and added more cleanliness around town which also helped with the healthy environment of Ntabankulu community.

**T3.4.5**

Employees: Waste Disposal and Other Services					
Job Level	Year -1	Posts	Year 0		
	Employees		Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3					
4 - 6	1	3	2	1	33.3
7 - 9	6	8	5	3	38%
10 - 12					
13 - 15					
16 - 18	14	17	15	2	12.6%
19 - 20					
Total	21	28	22	6	21.4%

**T3.4.6**

# Chapter 3

Details	Year -1 Actual	Year 0 Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	594 308	550 000	550 000	459 687	90 313
<b>Expenditure:</b>					
Employees	309 746	330 808	330 808	330 808	-
Repairs and Maintenance	2 534 282	750 000	504 652	504 652	
Other	300 000	650 000	1 450 512	450 512	1
Total Operational Expenditure	3 144 028	1 730 808	2 285 972	2 285 972	1-
Net Operational Expenditure	-	-	-	-	-

I.3.4.

There were no material variances on solid waste between budgeted and actual amounts

## Capital Expenditure Year 0: Waste Management Services

R' 000

	Year 0				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Capital Projects					
Total All					
Project A(Waste truck)					
Fencing of landfill site					
Construction of landfill site					



# Chapter 3

T.3.4.9

## COMMENT ON WASTE MANGEMENT SERVICE PERFORMANCE OVERALL:

The Municipality has budgeted for the operations of the landfill site. This is one of the requirements that the municipality must comply with as stipulated in the National Environmental Waste Act, No. 59 of 2008. The municipality is also required to manage the Landfill Site as per the landfill standards and guidelines. The operations of the landfill site are being done, including capturing of the data of waste disposed in the cell. The computerizing of the waste data is done through an alternative solar energy because the installation of electricity by Eskom remains incomplete.

The solid waste refuse truck is up and running with minor mechanical problems that are being attended to. The provision for rehabilitation of landfill site was also budgeted for which is a requirement for each and every financial year fluctuating considering the inflation rate. The budget vs actual reflects the under spending, because the project is still on progress.

The municipality renders waste management services within the urban area including the households of 471 RDP settlements in line with the Integrated Waste Management Plan. Wheelie bins were distributed to households, households which provide rental services were given two bins and residential households were given one wheelie bin.

Wheelie bins are collected every Tuesdays and Thursdays. The collection and disposal of refuse skips is rendered through the service providers which are appointed on a three months period.

The municipal landfill site is classified as a general landfill site. The landfill site is constructed in line with the permit that was granted by the Department of Environmental Affairs and Tourism in March 2014. The Municipality made funds available from the Municipal Infrastructure Grant for the construction of the Landfill site and the construction had been completed, except the installation of electricity by Eskom.

T3.4.10

# Chapter 3

## 3.5 HOUSING

### INTRODUCTION TO HOUSING

In 2001 the Municipality resolved to upgrade the informal settlement called 471 from shacks to decent housing. The Provincial Department of Human Settlement has commissioned a review of the Provincial Housing Sector Plan informed by individual municipal housing sector plans. The current 471 housing project has beneficiaries that exceed the available units hence the Municipality had to identify a portion of land to accommodate additional 500 units. The identified land was successfully subdivided into 120 erven to address all the other challenges within the 471 project.

It has been identified within the housing sector plan that there has been a significant number of the population which falls in the gap market, thus relying on rental property for social accommodation. The municipality has planned 500 units project to address the issue of informal settlements in the urban area. The other project on planning stage is the Middle income housing in town. The Housing sector plan 2012/2017 has more details of the projects planned from 2012-2017.

The houses were inspected by NHBRC and the rightful beneficiary inspected the house to their satisfaction and signed off the happy letters. The municipality handed over 120 houses and happy letters issued for all the 120 houses.

The Department of Human Settlement has been currently implementing 5 housing projects across Ntabankulu on both urban and rural areas. A housing survey conducted by the Department reveals that the estimated housing need for the municipality in 2001 was over fifteen thousand (15 000) units with ninety percent (90%) of that being in the rural areas.

The urban area project is one with 471 units which is on the implementation stage with a lot of irregularities that delayed the project from its inception. 221 houses have already been built. After the MEC's intervention 244 irregular structures were demolished, cleared and ready to be built.

There are seven Human settlements projects in Ntabankulu area, Bomvini 300 units, Ngqane 300 units, 471 housing project, Sidakeni 45, Phungulelweni/Lubala 500, Ntabankulu 604 and Silindini 500 units implemented. There are 1223 foundations, 1008 Wall plates, 915 roofs, 747 complete structures and 209 handed over to date. These projects are aimed at delivering 1704 units for rural and urban population. There are concerning delays with the progress of all Human settlements project except Ntabankulu 604.

#### Housing needs register

The Housing needs register is a national project that is designed to manage waiting list on Housing Applications. The municipality have rolled out questionnaires to all wards to solicit data on housing needs. This assists the municipality to find out a number of households who are in need of RDP houses or Rental housing and other form of housing. There are five municipal officials registered on the system to do capturing of the questionnaires and capturing is an ongoing process. The municipality managed to capture 15 000 beneficiaries so far.

T3.5

# Chapter 3

Employees: Housing Services					
Job Level	Year -1	Year 0			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3					
4 - 6	1	2	1	1	50%
7 - 9	1	1	1	0	0
10 - 12					
13 - 15					
16 - 18					
19 - 20					
Total	2	3	2	2	50%
The Municipality still has to appoint the Housing Admin officer; there is 50% vacancy rate due to budgetary constraints, the Municipality has requested dedicated funding from the Equitable share to employ EPWP personnel for data capturing, verifying applications and administration work.					
T 3.5.4					

## 3.6 FREE BASIC SERVICES AND INDIGENT SUPPORT

### INTRODUCTION TO FREE BASIC SERVICES AND INDIGENT SUPPORT

The indigent policy was reviewed and adopted by the Council in May 2016, the policy is at implementation stage with 1 108 beneficiaries on electricity, 5 100 beneficiaries on alternative energy (paraffin) and 375 for solar energy. The indigent steering Committee being constituted of traditional leaders, Budget and Treasury Port Folio Head, Ward Committee, Community Development Workers and two additional community members, has been established with the main purpose of verifying the list of indigent applications and recommending the indigent register to the Council for approval.

T3.6.1

# Chapter 3

## Free Basic Services To Low Income Households

	Number of households							
	Household income less than R2,500 per month							
			Free Basic Water		Free Basic Electricity		Free Basic Gas	
	Total	Total	Access	%	Access	%	Access	%
Year -2	5 581.00	5 581.00	-	-	580.00	-	365.00	0.07
Year -1	5 581.00	5 581.00	203.00	0.04	5 581.00	1.00	365.00	0.07
Year 0	5 581.00	5 581.00	375	6.71	5100	91.38	1108	19.85

## Financial Performance Year 0: Cost to Municipality of Free Basic Services Delivered

Services Delivered	Year -1	Year 0			
	Actual	Budget	Adjustment to Budget	Actual	Variance to Budget
Electricity	164 448.00	315 272.00	315 272.00	315 272.00	-
Total	164 448.00	315 272.00	315 272.00	315 272.00	-

# Chapter 3

Free Basic Service Policy Objectives Taken From IDP										
Service Objectives	Outline Service Targets	Year -1		Year 0		Year 1		Year 3		
		Target	Actual	Previous Year	Target	Current Year	Actual	Current Year	Target	
(i)	(ii)	(iii)	(iv)	(v)	(vi)	(vii)	(viii)	(ix)	(x)	
Service Objective xxx To identify and support the approved indigent households within municipal jurisdiction by June 2017	Adopted indigent register 5581 beneficiaries for alternative energy 365 for grid electricity	Adopted indigent register 5581 beneficiaries for alternative energy 365 for grid electricity	Adopted indigent register 5581 beneficiaries for alternative energy 365 for grid electricity	Adopted indigent register 5475 beneficiaries for alternative energy and 1108 for grid electricity	Adopted indigent register 5475 beneficiaries for alternative energy and 1108 for grid electricity	Adopted indigent register 5475 beneficiaries for alternative energy and 1108 for grid electricity	Adopted indigent register 5475 beneficiaries for alternative energy and 1108 for grid electricity	Adopted indigent register 5475 beneficiaries for alternative energy and 1108 for grid electricity	Adopted indigent register 5475 beneficiaries for alternative energy and 1108 for grid electricity	NA
Note: This statement should include no more than the top four priority service objectives. The indicators and targets specified above (columns (i) and (ii)) must be incorporated in the indicator set for each municipality to which they apply. These are 'universal municipal indicators'. * Previous Year refers to the targets that were set in the Year -1 Budget/IDP round; *Current Year refers to the targets set in the Year 0 Budget/IDP round. *Following Year refers to the targets set in the Year 1 Budget/IDP round. Note that all targets in the IDP must be fundable within approved budget provision. MSA 2000 chapter 5 sets out the purpose and character of Integrated Development Plans (IDPs) and chapter 6 sets out the requirements for the reduction of performance management arrangement by municipalities in which IDPs play a key role.										

T 3.6.5

# Chapter 3

## COMMENT ON FREE BASIC SERVICES AND INDIGENT SUPPORT:

The Municipality has adopted its indigent policy and set a threshold of R2 500 for year one. There were 9580 applicants but due to budgetary constraints the Municipality had to prioritise the most needy applicants hence only 5 581 was approved for the support at amount of R8m

T3.6.6

## COMPONENT B: ROAD TRANSPORT

This component includes: roads; transport; and waste water (storm water drainage).

### 3.7 ROADS

#### INTRODUCTION TO ROADS

The Municipality utilises Municipal Infrastructure Grant for construction of capital projects. The Project Management Unit has a core responsibility of ensuring implementation of Capital projects and expenditure of Municipal Infrastructure Grant. The Municipality appoints Service providers such as consultants and constructors for implementation of capital projects. During the financial year 2016/2017 the Municipality constructed 34, 5 Kms. The Municipality continues to support communities living in poverty through employing local labour when constructing capital projects thereby implementing expanded public works program.

Maintenance of Storm water drainage has been done in Mhleleni access road in ward 2 and Chibini to Nyabeni via Manaleni access road in ward 3. It composed of 200m open channel.

T3.7.1

#### Gravel Road Infrastructure

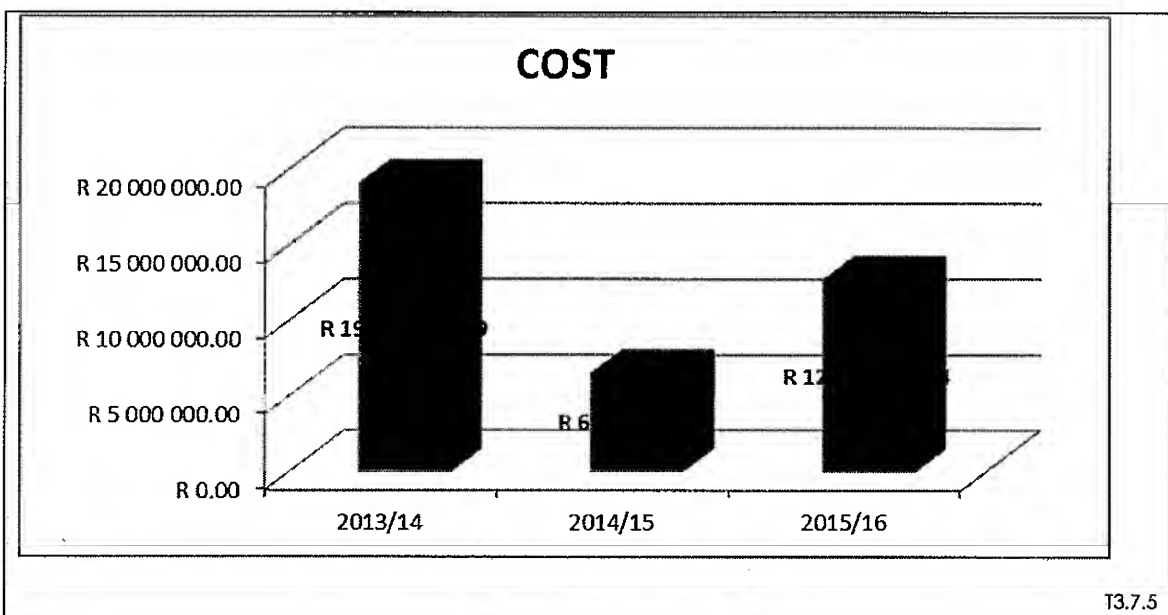
	Kilometers			
	Total gravel roads	New gravel roads constructed	Gravel roads upgraded to tar	Gravel roads graded/maintained
Year -2	607	25	0	0
Year -1	600.7	19.2	0	0
Year 0	566.3	34.5	6	0

T 3.7.2

# Chapter 3

Tarred Road Infrastructure					Kilometers
	Total tarred roads	New tar roads	Existing tar roads re-tarred	Existing tar roads re-sheeted	Tar roads maintained
Year -2	27.5	0	0	0	100
Year -1	27.5	0	0	0	120
Year 0	23.5	5	0	0	1.1
					T 3.7.3

Cost of Construction/Maintenance						R' 000
	Gravel			Tar		
	New	Gravel - Tar	Maintained	New	Re-worked	Maintained
Year -2	6 379,539.90	0	0	0	0	0
Year -1	12 435 323.53	0	0	0	0	0
Year 0	12 751 680.24	0	0	0		
						T 3.7.4





# Chapter 3

Road Service Policy Objectives Taken From IDP									
Service Objectives	Outline Service Targets	Year -1		Year 0		Year 1	Year 3		
		Target	Actual	Target	Actual		Target		
Service Indicators		*Previous Year		*Previous Year	*Current Year		*Current Year	*Current Year	*Following Year
(i)	(ii)	(iii)	(iv)	(v)	(vi)	(vii)	(viii)	(ix)	(x)
Service Objective xxx									
To improve accessibility and mobility of community members through Construction of 190 km new access roads with Storm Water and 6 bridges by June 2017	28.5 km of access roads constructed (5 access roads)	26.5 kms of access roads constructed (4 access roads)	13.1 kms of access roads constructed	20.4 kms of access roads constructed	20.4 kms of access roads constructed	26.5 of access roads constructed	22.4km	33.6km	None

Job Level	Year -1		Year 0		
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3					
4 - 6	3	3	3	0	0
7 - 9	1	1	1	0	0
10 - 12					



# Chapter 3

13 - 15					
16 - 18					
19 - 20					
Total	4	5	4	0	0
<p><i>Ntabankulu Local Municipality does not have a fully established roads construction unit it outsources the function even though the Municipality has 2 Civil Engineers that are in contract (The IPD Director &amp; the PMU manager), also has qualified intern.</i></p>					

T3.7.7

Financial Performance Year 0: Road Services					
R'000					
	Details	Details			
Details					
Total Operational Revenue	Total Operational Revenue	Total Operational Revenue	Total Operational Revenue	Total Operational Revenue	Total Operational Revenue
Expenditure:	Expenditure:	Expenditure:	Expenditure:	Expenditure:	Expenditure:
Employees	Employees	Employees	Employees	Employees	Employees
Repairs and Maintenance	Repairs and Maintenance	Repairs and Maintenance	Repairs and Maintenance	Repairs and Maintenance	Repairs and Maintenance
Other	Other	Other	Other	Other	Other
Total Operational Expenditure	Total Operational Expenditure	Total Operational Expenditure	Total Operational Expenditure	Total Operational Expenditure	Total Operational Expenditure
Net Operational Expenditure	Net Operational Expenditure	Net Operational Expenditure	Net Operational Expenditure	Net Operational Expenditure	Net Operational Expenditure

## COMMENT ON THE PERFORMANCE OF ROADS OVERALL:

The Municipality has prioritised construction of access roads and storm water maintenance. We have used the funds from Municipal Infrastructure Grant at a total R35 960 000 for the year and prioritised the roads as listed above. The above projects were prioritised and approved by Council.

T3.7.10

# Chapter 3

## 3.8 TRANSPORT (INCLUDING VEHICLE LICENSING & PUBLIC BUS OPERATION)

### INTRODUCTION TO TRANSPORT

Local Integrated Transport Plan (LITP) has been prepared for the Ntabankulu Local Municipality (NLM) for the 5 year period from 2014/15 to 2017/18; this is the first LITP undertaken by the Ntabankulu Local Municipality and will form part of the future Ntabankulu Integrated Development Plan and Spatial Development Framework. It should be noted that this Local Integrated Transport Plan should be updated annually as per National Department of Transport guidelines. The transport elements were investigated as road network condition, local public transport, long distance public transport and non-motorised transport. The road network condition and public transport network were investigated to identify problems associated with travel demand and mitigation measures have been formulated to address these problems. A five-year implementation programme for the transportation projects identified was compiled. The programme includes planning, implementation and road maintenance projects.

T3.8.1

# Chapter 3

Job Level	Year -1		Year 0		
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	1	2	1	1	50%
4 - 6	2	3	2	1	33,3%
7 - 9	7	9	11	4	44,4%
10 - 12	1	2	1	1	50%
13 - 15					
16 - 18					
19 - 20					
Total	11	16	15	7	44.6

. This section has vacancies that need to be filled and it is fully functioning even though the DLTC is partially functioning awaiting licence and completion of internal street tarring and upgrading of main street.

T3.8.4

## 3.9 WASTE WATER (STORMWATER DRAINAGE)

### INTRODUCTION TO STORMWATER DRAINAGE

Maintenance of Storm water drainage has been done in Mhleleni access road in ward 2 and Chibini to Nyabeni via Manaleni access road in ward 3. It composed of 200m open channel.

T3.9.1

# Chapter 3

Storm water Infrastructure				Kilometres
	Total Storm water measures	New storm water measures	Storm water measures upgraded	Storm water measures maintained
Year -2				200
Year -1				205
Year 0				470
				T 3.9.2

Cost of Construction/Maintenance				R' 000
	Storm water Measures			
	New	Upgraded	Maintained	
Year -2				0
Year -1				0
Year 0				0
				T 3.9.3

# Chapter 3

Storm water Policy Objectives Taken From IDP											
Service Objectives	Outline Service Targets		Year -1		Year 0		Year 1		Year 3		
	Service Indicators (i)	(ii)	Target	Actual	Target		Actual	*Current Year (viii)	Target	*Following Year (x)	
			*Previous Year (iii)	(iv)	*Previous Year (v)	*Current Year (vi)	(vii)	(ix)			
Service Objective xxx											
Development of fully integrated storm water management systems including wetlands and natural water courses	Phasing in of systems		Strategy approval (Yes/No); Timescale x yrs	500m	885m	500m	1.51km	3km	N/A	N/A	Completion (Yes/No); x yrs remaining
Sustain accessibility and optimise the design life through maintenance of storm water.	Storm water maintenance by June 2017		Strategy approval (Yes/No); Timescale x yrs	500m							
			Strategy approval (Yes/No); Timescale x yrs								
			Strategy approval (Yes/No); Timescale x yrs								
			Strategy approval (Yes/No); Timescale x yrs								
			Strategy approval (Yes/No); Timescale x yrs								
Note: This statement should include no more than the top four priority service objectives. The indicators and targets specified above [columns (i) and (ii)] must be incorporated in the indicator set for each municipality to which they apply. These are 'universal municipal indicators'. * 'Previous Year' refers to the targets that were set in the Year -1 Budget/IDP round; * 'Current Year' refers to the targets set in the Year 0 Budget/IDP round. * 'Following Year' refers to the targets set in the Year 1 Budget/IDP round. Note that all targets in the IDP must be fundable within approved budget provision. MSA 2000 chapter 5 sets out the purpose and character of Integrated Development Plans (IDPs) and chapter 6 sets out the requirements for the reduction of performance management arrangements by municipalities in which IDPs play a key role.											
T 3.9.5											

T 3.9.5

# Chapter 3

Job Level	Year -1	Year 0			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3					
4 - 6	1	1	1	1	0
7 - 9	0	0	0	0	
10 - 12					
13 - 15					
16 - 18	0		0		0
19 - 20					
Total	1	1	1	1	0

This section is also assisted by the EPWP personnel and is now functioning and continuing with roads maintenance.  
T 3.9.6

Financial Performance Year 0: Storm water Services					
R'000					
Details	Details		Details		
Total Operational Revenue	Total Operational Revenue	Total Operational Revenue	Total Operational Revenue	Total Operational Revenue	Total Operational Revenue
Expenditure:	Expenditure:	Expenditure:	Expenditure:	Expenditure:	Expenditure:
Employees	Employees	Employees	Employees	Employees	Employees
Repairs and Maintenance	Repairs and Maintenance	Repairs and Maintenance	Repairs and Maintenance	Repairs and Maintenance	Repairs and Maintenance
Other	Other	Other	Other	Other	Other
Total Operational Expenditure	Total Operational Expenditure	Total Operational Expenditure	Total Operational Expenditure	Total Operational Expenditure	Total Operational Expenditure
Net Operational Expenditure	Net Operational Expenditure	Net Operational Expenditure	Net Operational Expenditure	Net Operational Expenditure	Net Operational Expenditure

# Chapter 3

## COMPONENT C: PLANNING AND DEVELOPMENT

This component includes: planning; and local economic development.

### INTRODUCTION TO PLANNING AND DEVELOPMENT

#### Opportunities

There is a large pool of unemployed semi-skilled workers to be employed or re-trained for employment (so called 'youth dividend')

The economy is well endowed in natural resources

The area enjoys adequate rainfall to enable dry land farming

There is ample opportunity for value adding activities in grain, aloë and meat products.

Existing major forest activities surrounding the municipality – to tap into the regional knowledge in the cultivation of both forest and non-forest products and processing

#### Challenges

Low density dispersed rural settlement pattern which affects the cost of service provision; this also can lead to the loss of high potential productive agricultural land

The prevailing land tenure system practices hampers investment in agricultural production

Unplanned and un-surveyed rural settlements

Economies of scale in agricultural production (small scale subsistence practices) does not encourage investment in equipment and infrastructure

Poor/inadequate infrastructure including roads linking rural areas and local heritage sites

Inadequate basic services including water and electricity (or other sources of energy)

Low educational levels coupled with low skills

Low manufacturing activities as catalyst to economic development

T3.10.0

### 3.10 PLANNING

#### INTRODUCTION TO PLANNING

Housing is one of the basic human needs that have a profound impact on the health, welfare, social attitudes and economic productivity of the individual. It is also one of the best indicators of a person's standard of living and of his or her place in society.

In achieving the Millennium Development Goals, South African Government Policy is to ensure that its citizens live within good housing conditions. In order to achieve this goal, the government wants to eliminate all informal dwellings, bucket type of toilets, and ensure that all citizens have access to electricity for lighting, and access to clean, safe water within a reasonable distances.

In 2001 the Municipality resolved to upgrade the informal settlement which is called 471 from shacks to decent housing. The Provincial Department of Human Settlement has commissioned a review of the Provincial Housing Sector Plan informed by individual municipal housing sector plans.

# Chapter 3

The current 471 housing project has beneficiaries that exceed the available units hence the Municipality had to identify a portion of land to accommodate additional 500 units. It has been identified within the housing sector plan that there is a significant number of the population which falls in the gap market, thus relying on rental property for social accommodation.

The municipality has planned 500 units project to address the issue of informal settlements in the urban area. The other project on planning stage is the Middle income housing in town.

The Housing sector plan 2012/2017 has more details of the projects planned from 2012-2017. The Department of Human Settlement is currently implementing 5 housing projects across Ntabankulu on both urban and rural areas.

A housing survey conducted by the Department reveals that the estimated housing need for the municipality in 2001 was over fifteen thousand (15 000) units with ninety percent (90%) of that being in the rural areas. The urban area project is one with 471 units which is on the implementation stage with a lot of irregularities that delayed the project from its inception. 221 houses have already been built. After the MEC's intervention 244 irregular structures were demolished, cleared and ready to be built. 120 houses has been built since the intervention.

There are seven Human settlements projects in Ntabankulu area, Bomvini 300 units, Ngqane 300 units, 471 housing project, Sidakeni 45, Phungulelweni/Lubala 500, Ntabankulu 604 and Silindini 500 units implemented. There are 1223 foundations, 1008 Wall plates, 915 roofs, 747 complete structures and 209 handed over to date. These projects are aimed at delivering 1704 units for rural and urban population. There are 604 houses completed and handed over to the rightful beneficiaries in Dambeni/Mbagweni in 2016/2017 financial year. There are concerning delays with the progress of all Human settlements project except Ntabankulu 604.

## **Middle Income (extension six)**

Proposals have been called from suitably qualified property developers to assist the Municipality in the installation of services and construction of middle income housing on a turnkey basis.

The site consist of 126 residential erven, comprising of 1 public open space and Roads subdivision, 38 sites are privately owned and 89 sites to be developed by the property developer. 1 site is already developed utilized as a residential for municipal purposes. The service level agreement was signed between the municipality and the appointed service provider in April 2015.

The service provider is Glad Pam Property developers. The process of getting commitment from financial institutions is under way and it depends on the buying power of beneficiaries, hence it might take a bit longer than expected. Building plans for show house have been submitted to NLM for approval. Contractor Appointed by Glad Pam to build the show house.

T3.10.1



# Chapter 3

Applications for Land Use Development						
Detail	Formalisation of Townships		Rezoning		Built Environment	
	Year -1	Year 0	Year -1	Year 0	Year -1	Year 0
Planning application received	2.00	0.00	1.00	0.00	14	20
Determination made in year of receipt	2.00	0.00	1.00	0.00	14	22
Determination made in following year	0.00	0.00	0.00	0.00	0	0
Applications withdrawn	0.00	0.00	0.00	0.00	0	0
Applications outstanding at year end	0.00	0.00	0.00	0.00	2	4
T 3.10.2						

## LAND USE DEVELOPMENT APPLICATION

Two Service Providers had been appointed for subdivision, surveying and rezoning of two erven Erf 87 and 906 & 907 with 110 and 120 sites respectively. These applications were approved and adopted by the council on the 30<sup>th</sup> March 2017.

# Chapter 3

Local Economic Development Policy: Objectives Taken From IDP									
Service Objectives	Outline Service Targets								
	Target	Actual	Target	Actual	Target	Actual	Target	Actual	
Service Indicators									
	*Previous Year	*Current Year	*Previous Year	*Current Year	*Previous Year	*Current Year	*Previous Year	*Current Year	
(i)	(ii)	(iii)	(iv)	(v)	(vi)	(vii)	(viii)	(ix)	(x)
Service Objective xxx									
To ensure availability of credible spatial development framework and Land Use Management Plan to guide Spatial Planning for the Municipality by June 2017.	Draft Development applications	Draft Development applications	NA	Draft Development applications	Development applications approved	NA	Development applications approved	Development applications approved	NA

# Chapter 3

Employees: Housing Services					
Job Level	Year -1	Posts	Year 0	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	Employees		Employees		
	No.		No.	No.	%
0 - 3					
4 - 6	1	2	1	1	50%
7 - 9	1	1	1	1	0
10 - 12					
13 - 15					
16 - 18					
19 - 20					
Total	2	3	2	1	50%
Planning Department has 50% vacancy rate.					
T 3.5.4					

Financial Performance Year 0: Planning Services					
R'000					
Details	Year -1	Year 0			
	Actual	Original Budget	Adjusted Budget	Actual	Variance to Budget
Total Operational Revenue	1 426 536	3 305 869	735 503	735 503	
Expenditure:					
Employees	376 536	616 871	616 871	616 871	
Repairs and Maintenance	-	-	-	-	
Other	1 050 000	500 000	118 632	118 632	
Total Operational Expenditure	1 426 536	1 116 871	735 503	735 503	
Net Operational Expenditure	1 426 536	1 116 871	735 503	735 503	

# Chapter 3

## 3.11 LOCAL ECONOMIC DEVELOPMENT (INCLUDING TOURISM AND MARKET PLACES)

### INTRODUCTION TO ECONOMIC DEVELOPMENT

#### AGRICULTURE

Support for crop production was done at Abahlobo Co-operative in ward 8 by providing fencing material, ploughing and disking of 2 hectares of land. Seedling and irrigation equipment were also provided to the Abahlobo Co-operative, they were further assisted with training on project management which was done by SEDA. The monitoring of Abahlobo Co-operative was done on a monthly basis.

25 hectares have been planted with beans at Tladi Crop Production project which benefited 25 households and the produce was 2405kg of beans. 2 hectares of land was planted with fresh crops such as spinach, Potato seed, Cabbage, Onion, Manure and LAN, Garden tools, and agreement was done with Boxer super store to supply the products. Site visit for monitoring was done at Abahlobo on 12 April 2016, 18 May 2016 and 27 June 2016 and in June there is no produce at the site because of the draught.

Livestock improvement was implemented in partnership with Alfred Nzo Development Agency where 09 wards benefited in the program of vaccination.

Social facilitation was done and Six livestock associations were vaccinated in the following wards (Ward 10) Caba, Ward 11 (Siyaya) Ward 12 (Majuba) ward 15 (Hlankomo) ward 14 (Ncama) ward 13 (Lucingweni). Social facilitation was done on Dapile 16 February 2016 (ward 16) at and 25 February 2016, 07 March 2016 at Lunzwana (ward 17) Vaccination at Taleni on 24 February 2016, Solomon (ward 15) on 08 March and Tontli (ward 15) 07 March 2016. Social facilitation was done at Mabofu 04 April 2016 and Marahamzeni on the 18 May 2016 (ward 16), Vaccination at Way 18 April 2016 (ward 16), Tontli 19 May 2016 (ward 15) and Mazeni 29 June 2016 (ward 16)

On the 27<sup>th</sup> of November there was a successful launch of the Live Stock improvement project which was hosted at Mnceba Village in ward 12. The programme was reported to be started in February 2014 and its purpose is to upgrade farmers with 80 Doni Merino rams (which is a dual purpose breed).

This programme was intended to increase the quality of a live stock in the area while commercializing the livestock for wool and meat purposes. Farmers had been trained on basic farm production in preparation for this project.

Babondla poultry in ward 13 with 15 beneficiaries has been supported with electrification, feed and chicks. The beneficiaries have been trained in financial management and hatchery production. This project has been implemented in partnership with Department of Rural Development and Agrarian Reform as well as social development.

The hatchery machine had been provided for Babondla poultry cooperative. The funding of Masikhule Poultry cooperative as poverty alleviation program in Lugangatho village in ward 04.

The cooperative is doing well and out 200 chicks 190 have grown up and sold at the amount of R60 and profit was R11400-00 that is in their coffers and they are waiting for second batch of the chicks to be delivered. There are currently no chicks produced due to technical problems experienced on the hatchery machine and lack of backup on electricity

#### QUARRYING and SAND MINING

Facilitation have been made to position the community of Bhonxa Village in ward 13 to take community land resolution towards quarry mining. The interested investors are in consultation with Traditional council of the area for the purpose of investing.

Three business entities were registered. The department for Human Settlement had been engaged to peruse their service providers responsible for rural development to utilize local resources such as sand and quarry. The consultation meetings for community land resolutions were scheduled for 16 and 17 of March but they could not sit

# Chapter 3

and that delayed the process. It was later discovered that the application were supposed to be compiled and submitted to the department by the appointed service provider.

## FOREST

The Municipality has been facilitating the Environment Impact Assessment for new afforestation which was target to take place in ward 16, 17 and 18, however the EIAS could not be obtained due to funding constraints. A Furniture production corporative project has been established in wards 02 where five young members have been identified as project beneficiaries.

The tools have been provided for 5 members of Eyethu furniture and training on wood manufacturing products conducted in Furntech. The cooperative had been trained in Business management orientation conducted with incubation by Furntech SEDA UMzimkhulu center. The municipality has a three year service agreement (2017-2020) with Eyethu wood cooperative for school furniture refurbishment and other services that may be determined by municipality when need arises. The municipality also supported the cooperative structure to operate their business and site to establish their light industrial business. The above said Co-operative successfully renovated 781 school desk and this was an initiative support by the Municipality. The Total value of the business was R180, 850.00 thus the income they have made through the Co-operative.

## WHOLESALE AND RETAIL

Business awareness campaigns was conducted on five and 85 informal traders regarding renewal payments of permit by April- 2017. The objective of the information sharing day was as follows:-

- To empower and promote sustainability on SME's,
- To create a plat form for information sharing on services rendered and,
- To create partnership with relevant institutions for SMME development and to promote Local Economic growth.

The targeted groups were Local SME's, Co-operatives, Previously disadvantaged groups and the following institution provided support:-Alfred Nzo District Municipality, SARS DEDEA, SEDA and Bank services .Formal Trader were issued with a Formal Trading License and Informal Businesses were issued their Street Trading Licenses.

Business licensing awareness campaign have been successfully implemented in ward 09 where hawker and formal businesses were taken through the processes of registering a business up to its maintenance i.e. licensing and permits. Business Information sharing day was conducted where all the local suppliers formal and informal were invited. The objective of the information sharing day was as follows:-

- To empower and promote sustainability on SME's,
- To create a plat form for information sharing on services rendered,
- To create partnership with relevant institutions for SMME development and
- To promote Local Economic growth.

The targeted groups were Local SME's, Co-operatives, Previously disadvantaged groups and the following institution provided support:-Alfred Nzo District Municipality, SARS DEDEA, SEDA and Bank services

T3.11.1

# Chapter 3

Economic Activity by Sector				
R '000				
Sector	Year -2012	Year -2013	Year 2016	Year 2017
Agric. forestry and fishing	5	5	0	0
Mining and quarrying	5	3	0	0
Manufacturing	20	28	0	0
Wholesale and retail trade	35	38	0	85
Finance, property, etc.	2	2	0	21
Govt, community and social services	8	8	19	
Infrastructure services	3	3	0	0
Total	78	87	19	85

Economic Employment by Sector				
Sector	Year 2012	Year 2013	Jobs	Year 2015
	No.	No.	Year 2014	No
	No.	No.	No.	No
Agric. forestry and fishing	40	12	25	60
Mining and quarrying	10	8	6	10
Manufacturing	66	71	73	50
Wholesale and retail trade	120	100	210000	80
Finance, property, etc.	0	0	0	2
Govt, community and social services	0	0	0	2
Infrastructure services	21	21	21	660
Total	257	212	210125	864

## COMMENT ON LOCAL JOB OPPORTUNITIES:

The Municipality has 38 Agricultural cooperative and 23 arts and crafts cooperatives registered in the database. These are social enterprises that have contributed substantially in the job creation opportunities as the member of cooperative are self-employed in the businesses. Agriculture is one of the sectors that offer a massive job creation and a revival of the rural economy and it is being a sector for a catalyst for a job creation. This sector is able to exploit its linkages with the other sectors in the economy as facilitations are being made to move away from subsistence mode of production to large scale commercial agriculture to produce volumes to support for example agro-processing.

The following agricultural are being identified as priority areas:

# Chapter 3

Crop farming: 2 hectares of land was planted with fresh crops such as spinach, Potato seed, Cabbage, Onion, Manure and LAN, Garden tools, and agreement was done with Boxer super store to supply the products. Site visit for monitoring was done at Abahlobo on 12 April 2016, 18 May 2016 and 27 June 2016 and in June there is no produce at the site because of the drought.

Livestock improvement: Livestock improvement was implemented in partnership with Alfred Nzo Development Agency where 09 wards benefited in the programme of vaccination. Social facilitation was done and Six livestock associations were vaccinated in the following wards (Ward 10) Caba, Ward 11 (Siyaya) Ward 12 (Majuba) ward 15 (Hlankomo) ward 14 (Ncama) ward 13 (Lucingweni). Social facilitation was done on Dapile 16 February 2016 (ward 16) at and 25 February 2016, 07 March 2016 at Lunzwana (ward 17) Vaccination at Tateni on 24 February 2016, Solomon (ward 15) on 08 March and Tontli (ward 15) 07 March 2016. Social facilitation was done at Mabofu 04 April 2016 and Marahamzeni on the 18 May 2016 (ward 16), Vaccination at Way 18 April 2016 (ward 16), Tontli 19 May 2016 (ward 15) and Mazeni 29 June 2016 (ward 16)

T3.11.4

Jobs Created during Year 2015 by LED Initiatives (Excluding EPWP projects)				
Total Jobs created / Top 3 initiatives	Jobs created No.	Jobs lost/displaced by other initiatives No.	Net total jobs created in year No.	Method of validating jobs created/lost
Total (all initiatives)				
Year -2	58	12	58	Database form
Year -1	40	22	40	Database form
Year 0	72	49	72	Database form
Initiative A (Year 0)	Arts and craft			
Initiative B (Year 0)	Livestock			
Initiative C (Year 0)	Crop Production			

Job creation through EPWP* projects		
Details	EPWP Projects No.	Jobs created through EPWP projects No.
Year -2	03	106
Year -1	03	106
Year 0	09	198
*- Extended Public Works Programme		T 3.11.6

# Chapter 3

Local Economic Development Policy Objectives Taken From IDP										
Service Objectives	Year 2016		Year 2017		Year 2017		Year 2018			
	Target	Actual	Target	Actual	Target	Actual	Target	Actual		
Service Indicators	Outline Service Targets		*Previous Year		*Current Year		*Current Year		*Following Year	
	(i)	(ii)	(iii)	(iv)	(v)	(vi)	(vii)	(viii)	(ix)	(x)
Service Objective xxx To provide support for production inputs and development of agriculture produce to two cooperatives resulting in economic growth by 2017 SME development (Retail)	Provide Crop production support to Abahlolo cooperatives by June 2017	Provide fencing, seeds, seedlings, tools and implements for One vegetable cooperative by June 2016	Provide fencing, seeds, seedlings, tools and implements for One vegetable cooperative by June 2016	Provide Crop production support on fencing material, ploughing and seed and seedlings also supported by irrigation equipment except engine pump that did not manage to purchase, training for project management was assisted by SEDA and the monitoring for cooperative was done monthly.	Provide Crop production support to Abahlolo cooperatives by June 2017	Support for Crop production was done by providing fencing material, ploughing and seed and seedlings also supported by irrigation equipment except engine pump that did not manage to purchase, training for project management was assisted by SEDA and the monitoring for cooperative was done monthly.	Support for Crop production was done by providing fencing material, ploughing and seed and seedlings also supported by irrigation equipment except engine pump that did not manage to purchase, training for project management was assisted by SEDA and the monitoring for cooperative was done monthly.	Provide support of production inputs and infrastructure for Agro-Hub One SMME and four cooperatives by June 2018 (Poultry, Piggery and Moringa Plantation)		
		Provide support for financial capacity and 1200 fertilized	Provide support for financial capacity and 1200 fertilized	The procure ment of chicks and	Provide poultry house, chicks and feed to Maskhule poultry cooperative					
		Site visit for monitoring was done 26 April 2016, 24	Site visit for monitoring was done 26 April 2016, 24							



# Chapter 3

In ward 04 by June 2017 .	eggs for the production of chicks for Babondla Cooperative by 30 June 2016	May 2016 and 29 June 2016 Beneficiaries are still active and cooperative is doing well 200 chicks were delivered 13 died	eggs for the production of chicks for Babondla Cooperative by 30 June 2016	eggs for the production of chicks for Babondla Cooperative by 30 June 2016	construction of structure was not achieved due to unavailability of ward community		In ward 04 by June 2017.		

# Chapter 3

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# Chapter 3

Employees: Local Economic Development Services					
Job Level	Year -1	Posts	Year 0		
	Employees		Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.		No.	No.	%
0 - 3					
4 - 6	3	2	2	0	0
7 - 9	3	3	3	0	0
10 - 12					
13 - 15					
16 - 18					
19 - 20					
Total	6	5	5	0	0

Ntabankulu Local Municipality LED staff establishment is not complete; there is a shortage of clerical level staff & office space due to insufficient budget.

T 3.11.8

## Financial Performance Year 0: Local Economic Development Services

R'000

Details	Year -1	Year 0			
	Actual	Original Budget	Adjusted Budget	Actual	Variance to Budget
Total Operational Revenue	1 530 789.00	3 473 674	2 079 399	2 079 399	
Expenditure:					
Employees	1 230 789.00	1 356 481	1 356 481	1 356 481	
Repairs and Maintenance					
Other	300 000.00	1 320 000	722 918	722 918	
Total Operational Expenditure	1 530 789	2 676 481	2 079 399	2 079 399	
Net Operational Expenditure	1 530 789	2 676 481	2 079 399	2 079 399	

# Chapter 3

## COMMENT ON LOCAL ECONOMIC DEVELOPMENT PERFORMANCE OVERALL:

There were no capital projects prioritized for the year. The Municipality has only budgeted for maintenance of the existing projects.

T3.11.11

## COMPONENT D: COMMUNITY & SOCIAL SERVICES

This component includes: libraries and archives; museums arts and galleries; community halls; cemeteries and crematoria; child care; aged care; social programmes, theatres.

### INTRODUCTION TO COMMUNITY AND SOCIAL SERVICES

The municipality has focused on facilitating organised sports and recreation within the jurisdiction of Ntabankulu where nine football associations were established and capacitated on sports and recreation management.

The municipality further facilitated the sport and recreation session with the objective of developing an integrated sports and recreation plan, guidelines on provision of support to associations. The municipality facilitated the establishment of netball associations and further facilitated the implementation of an annual sport plan. The municipality coordinated mayoral cup games which commenced at ward levels and further conducted a fun run programme with the involvement of communities.

The municipality engaged on signing up 20 contractual employees receiving a stipend on a monthly basis. This has been done with the intentions to maintain the community halls under the jurisdiction of Ntabankulu local municipality.

The municipality through funding granted by the Department of Environment Affairs employed 90 project beneficiaries on contract of 10 months for street cleaning and beautification in the financial year 2014/15. The project focused on unemployed individuals and it was EPWP intensive. The youth jobs in waste project had been renewed and employed 9 contract workers for a period of 1 year to work as administrators under the waste management unit.

The municipality introduced a community development strategy for the contract workers with the aim to train the unemployed individual under the EPWP program. Training was conducted for 33 contract workers under the Safety and security sector. Another EPWP project took 66 contract workers for a period of 1 year under the environment and culture sector, social sector and infrastructure sector.

T3.52.0

# Chapter 3

3.52 LIBRARIES; ARCHIEVES; MUSEUMS; GALLERIES; COMMUNITY FACILITIES; OTHER (THEATRES, ZOOS, ETC)

## INTRODUCTION TO LIBRARIES; ARCHIEVES; MUSEUMS; GALLERIES; COMMUNITY FACILITIES

The municipality has established two (2) modular libraries at 4 ward (Sipetu Modular Library) and ward 6 (Sukude Modular Library). These modular libraries are the extension of library services to communities in rural areas. The Siphethu Modular Library at ward 4 is the only modular library that is currently functioning and serving remote communities from town.

Currently the municipality has established 20 community halls with 20 hall caretakers employed under EPWP and placed in each community hall. The hall care-takers are received a stipend under the EPWP rating.

T3.52.1

# Chapter 3

Libraries, Archives, Museums, Galleries, Community Facilities, Other Policy Objectives Taken From IDP													
Service Objectives	Outline Service Targets	Year -1		Year 0		Year 1		Year 3		Target			
		Target	Actual	Target	Actual	Target	Actual	Target	Actual				
Service Indicators	(i)	*Previous Year	(iii)	*Previous Year	(v)	*Current Year	(vi)	*Current Year	(viii)	*Current Year	(ix)	*Following Year	(x)
Service Objective xxx													
To improve access to library and information facilities and services	To extend library facilities and programs to the rural communities	To improve functioning of the library by providing equipment and material		To improve functioning of the library by providing equipment and material		To improve functioning of the library by providing equipment and material		To improve functioning of the library by providing equipment and material		To improve functioning of the library by providing equipment and material		To improve functioning of the library by providing equipment and material	
Note: This statement should include no more than the top four priority service objectives. The indicators and targets specified above (columns (i) and (ii)) must be incorporated in the indicator set for each municipality to which they apply. These are 'universal municipal indicators'. * 'Previous Year' refers to the targets that were set in the Year -1 Budget/IDP round; * 'Current Year' refers to the targets set in the Year 0 Budget/IDP round. * 'Following Year' refers to the targets set in the Year 1 Budget/IDP round. Note that all targets in the IDP must be fundable within approved budget provision. MSA 2000 chapter 5 sets out the purpose and character of Integrated Development Plans (IDPs) and chapter 6 sets out the requirements for the reduction of performance management arrangement by municipalities in which IDPs play a key role.													
T 3.12.3													

# Chapter 3

Employees: Cemeteries and Crematoriums					
Job Level	Year -1	Year 0			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3					
4 - 6	1	2	2	0	0
7 - 9	2	2	2	0	0
10 - 12					
13 - 15					
16 - 18	14	11	11	0	0
19 - 20					
Total	3	4	4	0	0
There are no vacancies. There is an office space challenge. T 3.13.4					

Financial Performance Year 0: Libraries					
R'000					
Detail	Year -1	Year 0			
	Actual	Original Budget	Adjusted Budget	Actual	Variance to Budget
Total Operational Revenue	506 488	250 000	250 000	250 000	-
Expenditure:					
Employees	-				-
Repairs and Maintenance	-				-
Other	506 488	250 000	357 719	357 719	-
Total Operational Expenditure	506 488	250 000	357 719	357 719	-
Net Operational Expenditure	-	-	-	-	-

# Chapter 3

## COMMENT ON THE PERFORMANCE OF LIBRARIES; ARCHIVES; MUSEUMS; GALLERIES; COMMUNITY FACILITIES; OTHER (THEATRES, ZOOS, ETC) OVERALL:

The Municipality implements the library services as a funded mandate. The municipality receives budget allocation from the Department of Sports, Recreation, Arts and Culture (DSRAC) for the operations of library services. The municipality for the past three years, did not budget for capital projects prioritised from DSRAC, except for the maintenance programme.

T3.52.7

## 3.55 CEMETORIES AND CREMATORIALS

### INTRODUCTION TO CEMETORIES & CREMATORIALS

The municipality through the existence of the library within the urban area and the modular library at ward 04 Silindini managed to coordinate for library programs. The programs were coordinated in partnership with DSRAC successfully. The conducted programs were as outlined below:

- Literacy day
- Holiday program
- Library week
- Youth day program

T3.55.1



# Chapter 3

Cemeteries and Crematoriums Policy Objectives Taken From IDP									
Service Objectives	Outline Service Targets	Year -1		Year 0		Year 1		Year 3	
		Target	Actual	Target	Actual	Target	Actual	Target	Actual
Service Indicators (i)	(ii)	*Previous Year (iii)	(iv)	*Previous Year (v)	*Current Year (vi)	*Current Year (vii)	*Current Year (viii)	*Current Year (ix)	*Following Year (x)
<b>Service Objective xxx</b>									
Ensure effective management of Public Amenities by implementing regulatory framework by June 2017	Greening of parks, cemeteries and public walkways	To manage, monitor and evaluate the implementation of applicable public amenities policy and by-laws	To manage, monitor and evaluate the implementation of applicable public amenities policy and by-laws	To manage, monitor and evaluate the implementation of applicable public amenities policy and by-laws	Coordinate cleaning services to all municipal sites and public walkways	Coordinate cleaning services to all municipal sites and public walkways	Coordinate cleaning services to all municipal sites and public walkways	Coordinate cleaning services to all municipal sites and public walkways	

Note: This statement should include no more than the top four priority service objectives. The indicators and targets specified above (columns (i) and (ii)) must be incorporated in the indicator set for each municipality to which they apply. These are 'universal municipal indicators'. \* 'Previous Year' refers to the targets that were set in the Year -1 Budget/IDP round; \* 'Current Year' refers to the targets set in the Year 0 Budget/IDP round. \* 'Following Year' refers to the targets set in the Year 1 Budget/IDP round. Note that all targets in the IDP must be fundable within approved budget provision. MSA 2000 chapter 5 sets out the purpose and character of Integrated Development Plans (IDPs) and chapter 6 sets out the requirements for the reduction of performance management arrangement by municipalities in which IDPs play a key role.

T 3.13.3

# Chapter 3

Financial Performance Year 0: Cemetery					
R'000					
Details	Year -1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	933 309	686 720	686 720	686 720	
Expenditure:					
Employees	462 388	604 465	604 465	604 465	-
Repairs and Maintenance	-	-	-	-	
Other	470 921	8 255	8 255	8 255	
Total Operational Expenditure	933 309	686 720	686 720	686 720	
Net Operational Expenditure	933 309	686 720	686 720	686 720	-
	-				

## COMMENT ON THE PERFORMANCE OF CEMETORIES & CREMATORIUMS OVERALL:

*There was no capital expenditure incurred by the Municipality for the past three years.*

T3.55.7

# Chapter 3

## 3.56 CHILD CARE; AGED CARE; SOCIAL PROGRAMMES

### INTRODUCTION TO CHILD CARE; AGED CARE; SOCIAL PROGRAMMES

#### AGED CARE

The elderly sector plan was reviewed whose purpose is to provide technical support to elderly people by facilitating sporting activities, skills audit, project needs analysis as well as awareness campaign on government grants, human rights day and violence against elderly. Golden games were hosted on the 20-22 September 2016 and the match was organized between Ntabankulu, Mataliele, Mzimvubu and Mbizana local Municipality and it was hosted at East London. Update of sporting activities per ward by March 2017 was done with an action Plan for the upcoming year.

The Municipality successfully hosted golden games and developed a data for elderly people in the Municipal area. Mandela day was successfully hosted in July 2016 through 67 minutes contribution to Previously Disadvantaged families of Ntabankulu area at ward 16 at Marhamzeni, ward 07 at Mbangomthi, ward 08 at Madwakazana and ward 10 at Caba The handover of two rooms to Mrs. Amanda Teba, handover of blankets and groceries was done by the Mayor to the destitute elderly people. The Mandela Day was hosted from the 21-28 July 2016 and Preschool visits were conducted in ward 6, 8 and 15 on the 21 April 2017, 20 June 2017 and 29 June 2017.

#### SOCIAL PROGRAMMES

Ntabankulu local municipality developed a multi-sectoral HIV and AIDS strategic plan which was a product of engagements of the local stakeholders and role-players. This multi-sectoral plan recognised the local initiatives and programmes from locally based organisations and seeks to enhance them for maximum outcomes and impact.

This multi-sectoral HIV and AIDS strategic plan identified number of activities that covered separate but inter-related aspects of the strategic process. Amongst the activities the increase of HIV and AIDS awareness campaigns among sexually active members of the community especially young people was successfully implemented.

World Aids program were implemented and the LAC meeting was successfully held in August and October 2016 at Municipal Boardroom and the second quarter was held in October in preparation for the Aids awareness day, Workshop on support group was done on the 29th of September 2015 at the craft centre, this target was over achieved as the first event was done in collaboration with ward 12 program and the second aids awareness day has been hosted at ward 3 at JJ Ntlatathi hall on 07 December 2015. Municipality in collaboration with Department of Social Development and Methodist Church hosted a Health Day in ward 12. The World AIDS Day was hosted on the 23 November 2016 at Nofy's B'n'B and Quarterly LAC's

A woman sector plan was also reviewed with the objective to launch ward woman forum, capacity building skills audit, development of database and leadership programmes relating to women. The Womens Day was held on the 31 August 2016 at Ntabankulu Town Hall and the 16 Days of Activism was held on the 25 November at Magombeni Great Place.

Youth sector plan which aimed at meaningful participation of youth designated sector group in all developmental programme and as well as educational programmes that will encourage young people was successfully reviewed. Capacitated Local Youth Officers and One outreach was conducted to disseminate information as per NYDA MOU in June 2017. The NYDA Outreach was conducted on the 21 April 2017 at ward 15. IDP and Cooperative Governance Training was conducted on the 15-17 February 2017 and 21-22 June 2017 The NYDA Outreach was conducted on the 21 April 2017 at ward 15. IDP and Cooperative Governance Training was conducted on the 15-17 February 2017 and 21-22 June 2017. Back to School program and Living dream for Youth structure was implemented. The Back to School Gala Dinner was hosted on the 7 December 2016, The Mayoral Achiever's Awards were held on the 28 March 2017 and the Living Dream Talent Search Grand Finale was held on 28 June 2017. As a result of this plan a Mayoral achiever's awards whose objective was to promote the culture of long life learning and education Excellency amongst grade 12, encourage young people to instill the culture of long life learning and education to be regarded

# Chapter 3

as a catalyst of development change and awarding schools, educators and to support circuit managers who have done extremely well in their learning areas was successfully coordinated.

This event awarded the top overall achiever, second and third runner ups towards study fees, Top towards Tuition fees. Facilitation for the appointment of Local Youth Officers was done. Branding of the office through NYDA banners has been done. Training of Local Youth interns was also done. Two high schools were visited for a follow up on career guidance to Grade 12 learners and facilitate application to learners. Achievers were profiled. Invitations were sent to all identified stakeholders and the event was well organized well attended and the achievers were awarded with certificate detailing the kind of support received.

The Youth was mobilized from 26<sup>th</sup> May to 28 June 2017 where members of the youth council were in five ward clusters to select the ward forum and screen for talent and three winners were identified. This even was collaboratively done with Eastern Cape Audio Visual Centre and Vovee Music production. The participation from wards was very remarkable as 960 participants from all wards were registered and actively participated in The programme. On the day of the grand finale the four groups made it to the final being Amatholengoma traditional group, Nomeliso Gospel singer, Ntlahe and Bongumsa as Hip Hop singers as well as Amangena Kuthuleke.

A disability sector plan was also reviewed whose objectives were to ensure maximum participation and mainstreaming of disability persons into developmental programs of the municipality. This plan led to a well-coordinated disability workshop which was successfully conducted. The training was conducted by ABSA on Financial Management on the 28 October 2017 at Ntabankulu Town Hall. All the disabled persons from all wards were invited and empowered about their rights, businesses skills and social grants that are provided by government.

T3.56.1

## SERVICE STATISTICS FOR CHILD CARE

### OPHARNS AND VULNERABLE CHILDREN (OVC)

The Municipality reviewed the OVC's sector plan where it facilitated the purchasing of school uniforms which was distributed to 30 OVC's at Madwakazane J.S.S. The programme was set to give support to the vulnerable and orphaned children while promoting a holistic supportive environment that were subsequent to prevalence of HIV and AIDS.

The following items were delivered as materials required for three preschools as stimulation material( ward 12,17 and 18):-Plastic Small Kiddies tables, Small kid Jolly chairs, Medium dolls to be used by boys, Wooden cards in a form of ambulance or fire fighters, Wax crayons, Alphabet charts for learning how to read alphabets, Fruits Charts. During Mandela Day which occurred On 21 /07/ 2015 Municipality provided uniform for 30 needy learners (Jersey/ shoes)in ward 2, Another 50 school uniforms (Shoes and Jersey) in Ward 15. The similar exercise was also done by donors to needy students of Bonxa, another pair of socks was given to Caba young children during the Back to School Campaign.

T3.56.2

# Chapter 3

Child Care, Aged Care Social Programs Policy Objectives From IDP							
Service Objectives	Outline Service Targets	Year: 2016		Year 2016/2017		Year 2017/2018	
		Target	Actual	Target	Actual		
Service Indicators		*Previous Year		*Previous Year		*Current Year	
(i)	(ii)	(iii)	(iv)	(v)	(vi)	(vii)	(viii)
Service Objective xxx							
Provide support to six historical disadvantaged groups.	Implemented Back to School program and Living dream for Youth structure, by June 2017	Implemented Back to School program and Living dream for Youth structure, by June 2017	N/A	Implemented Back to School program and Living dream for Youth structure, by June 2017	The Back to School Gala Dinner was hosted on the 7 December 2016, The Mayoral Achiever's Awards were held on the 28 March 2017 and the Living Dream Talent Search Grand Finale was held on 28 June 2017	The Back to School Gala Dinner was hosted on the 7 December 2016, The Mayoral Achiever's Awards were held on the 28 March 2017 and the Living Dream Talent Search Grand Finale was held on 28 June 2017	One back to school program conducted for youth structure by June 2018
	Implemented Womens day and 16 Days of Activism in Women structures by June 2017	Implemented Womens day and 16 Days of Activism in Women structures by June 2017		Implemented Back to School program and Living dream for Youth structure, by June 2017	The Womens Day was held on the 31 August 2016 at Ntbankulu Town Hall and the 16 Days of Activism was held on the 25 November at Magombeni Great Place	The Womens Day was held on the 31 August 2016 at Ntbankulu Town Hall and the 16 Days of Activism was held on the 25 November at Magombeni Great Place	One Womens day and One 16 Days of Activism program in Women structures conducted by June 2018
	Implemented Training program for Disabled structures by June 2017	Implemented Training program for Disabled structures by June 2017		Implemented Training program for Disabled structures by June 2017	Implemented Training program for Disabled structures by June 2017	The training was conducted by ABSA on Financial Management on the 28 October 2017 at Ntbankulu Town Hall	Two training programs for disabled structures conducted by June 2018

# Chapter 3

Implemented Golden Game sporting program for Elderly People structures by June 2017	Implemented Golden Game sporting program for Elderly People structures by June 2017	Implemented Golden Game sporting program for Elderly People structures by June 2017	Implemented Golden Game sporting program for Elderly People structures by June 2017	Implemented Golden Game sporting program for Elderly People structures by June 2017	One Golden Game sporting program for Elderly People structures conducted by June 2018
Capacitated LYO and One outreach conducted to disseminate information as per NYDA MOU by June 2017	Capacitated LYO and One outreach conducted to disseminate information as per NYDA MOU by June 2017	Capacitated LYO and One outreach conducted to disseminate information as per NYDA MOU by June 2017	Capacitated LYO and One outreach conducted to disseminate information as per NYDA MOU by June 2017	Capacitated LYO and One outreach conducted to disseminate information as per NYDA MOU by June 2017	Capacitated LYO and One outreach conducted to disseminate information as per NYDA MOU by June 2018
Implemented Mandela program for OVC and Elderly People structures by June 2017	Implemented Mandela program for OVC and Elderly People structures by June 2017	Implemented Mandela program for OVC and Elderly People structures by June 2017	Implemented Mandela program for OVC and Elderly People structures by June 2017	Implemented Mandela program for OVC and Elderly People structures by June 2017	One Mandela day program conducted and One Ovc Project supported by June 2018
Implemented World Aids program by June 2017	Implemented World Aids program by June 2017	Implemented World Aids program by June 2017	Implemented World Aids program by June 2017	Implemented World Aids program by June 2017	One World Aids program conducted by June 2018



# Chapter 3

Employees: Child Care; Aged Care; Social Programmes					
Job Level	Year -1	Year 0			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3					
4 - 6	1	1	0	1	100%
7 - 9	2	2	2	0	0%
10 - 12					
13 - 15					
16 - 18					
19 - 20					
Total	3	3	2	1	33,3%

The manager position was dissolved and officer level position was created at post level six and two co-ordinators at post level 8. Co-ordinator one: deals with OVC, youth & HIV & AIDS, the other one deals with elderly, disabled & women affairs.

T 3.56.4

## COMPONENT E: ENVIRONMENTAL PROTECTION

This component includes: pollution control; biodiversity and landscape; and costal protection.

### INTRODUCTION TO ENVIRONMENTAL PROTECTION

The Ntabankulu Local Municipality has engaged on Umzimvubu catchment partnership program with the aim to coordinate and respond to climate change issues. The Alfred Nzo district municipality in partnership with other local municipalities under the district and Ntabankulu local municipality reviewed the ANDM climate change response strategy. The municipality has a huge backlog on water provision for communities, thus the continuous growth of the alien species may lead to total disappearance of the limited water sources.

The Alfred Nzo District Municipality is battling to find sources of water for various communities. The backlog in water provisioning has led to conflicts in some villages with people cutting bypassing water pipes going to other villages sitting water shortages in their own village.

These invasive alien species also temper with the limited grazing areas for the local livestock. It is of great concern that the continuous growth of these alien species, if not taken care of, might take over the entire land area of Ntabankulu Municipality. It is imperative that clearing of alien invasive plants must be prioritised if water resource is to be protected. Plans are afoot to conduct a climate change summit with the aim to develop a climate change adaptation strategy.

T3.59.0

# Chapter 3

Employees: Pollution Control					
Job Level	Year -1	Year 0			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3					
4 - 6					
7 - 9					
10 - 12					
13 - 15					
16 - 18					
19 - 20					
Total					
Ntabankulu Local Municipality is not responsible for water pollution, except the function of air pollution. The operations of the landfill site respond to the regulations of air pollution.					
T3.15.4					

## 3.60 BIO-DIVERSITY; LANDSCAPE (INCL. OPEN SPACES); AND OTHER (EG. COASTAL PROTECTION)

### INTRODUCTION BIO-DIVERSITY AND LANDSCAPE

The Ntabankulu local municipality has been funded by the Department of Environmental Affairs for the project on town beautification within the urban area. The project has established three flower gardens with street furniture in identified areas; these flower gardens will serve as mini recreational parks. The project also helped to ensure that the entry points towards the town are beautified by means of tree planting. The beautification of illegal dumping zones into green open spaces has been also undertaken.

T3.60.1



# Chapter 3

Bio-Diversity, Landscape and Other Policy Objectives Taken From IDP																	
Service Objectives	Outline Service Targets	Year -1		Year 0		Year 1		Year 2		Year 3							
		Target		Actual		Target		Actual									
		*Previous Year	(iii)	*Previous Year	(iv)	*Previous Year	(v)	*Current Year	(vi)	*Current Year	(vii)	*Current Year	(viii)	*Current Year	(ix)	*Following Year	(x)
Service Indicators (i)	(ii)																
Service Objective xxx																	
Ensure Effective management of public amenities by implementing the regulatory framework by June 2017	Greening of Parks, Cemetery and public walkways 2017	Implement, monitor, report and review the implementation of the Public amenities plan by June 2016		Implement, monitor, report and review the implementation of the Public amenities plan by June 2016		Implement, monitor, report and review the implementation of the Public amenities plan by June 2016		Conduct cleaning services through landscaping and grass cutting by June 2017		Conduct cleaning services through landscaping and grass cutting by June 2017		Conduct cleaning services through landscaping and grass cutting by June 2018		Conduct cleaning services through landscaping and grass cutting by June 2019		Conduct cleaning services through landscaping and grass cutting by June 2020	
Note: This statement should include no more than the top four priority service objectives. The indicators and targets specified above (columns (i) and (ii)) must be incorporated in the indicator set for each municipality to which they apply. These are 'universal municipal indicators'. *Previous Year refers to the targets that were set in the Year-1 Budget/IDP round; *Current Year refers to the targets set in the Year 0 Budget/IDP round. *Following Year refers to the targets set in the Year 1 Budget/IDP round. Note that all targets in the IDP must be fundable within approved budget provision. MSA 2000 chapter 5 sets out the purpose and character of Integrated Development Plans (IDPs) and chapter 6 sets out the requirements for the reduction of performance management arrangement by municipalities in which IDPs play a key role.																	

T 3.16.3

The municipality is maintaining the Department of Environmental Affairs funded projects on street cleaning and beautification that had been completed during the previous financial year. The project had been funded with an amount of R5m. Outlined below were the project deliverables as per the project plan:

# Chapter 3

-Flower garden situated in the town entrance had been fenced; tree and flowers planted, street furniture, water tank and braai stands installed and other infrastructural material had been installed.	
-Flower garden next to Caltex garage had been fenced, tree and flowers planted, stand pipe and braai stands installed	
-Flower garden next to Nofy's accommodation: tree and flowers planted, braai stands and handmade furniture had been installed	
-Beautification of town entrances and tree planting along the walkways had been completed	13.60.7

# Chapter 3

## COMPONENT F: HEALTH

### 3.64 HEALTH INSPECTION; FOOD AND ABBATOIR LICENSING AND INSPECTION; ETC

## COMPONENT G: SECURITY AND SAFETY

This component includes: police; fire; disaster management, licensing and control of animals, and control of public nuisances, etc.

### INTRODUCTION TO SECURITY & SAFETY

The municipality has Traffic Department, which undertakes the Driving Licence Testing Centre ( DLTC) and the traffic law enforcement services . The DLTC is fully operational. Driving Licence Testing Centre is also operational is currently conducting applications for Professional Driving Permits, renewal of driving licences, applications and issuing of learners licences to enhance municipal revenue. The municipality has improved the resourcing of the traffic unit through the provision of the speed camera and two motor vehicles. The municipality is currently completing the Driving licence testing grounds.

T3.65

### 3.65

# Chapter 3

## 3.66 FIRE

### INTRODUCTION TO FIRE SERVICES

Ntabankulu Local Municipality does not perform the function of fire services; this function is for the Alfred Nzo District Municipality. There is a satellite office in Ntabankulu.

T3.66.

# Chapter 3

## COMPONENT H: SPORT AND RECREATION

This component includes: community parks; sports fields; sports halls; stadiums; swimming pools; and camp sites.

### INTRODUCTION TO SPORT AND RECREATION

The municipality has focused on facilitating organised sports and recreation within the jurisdiction of Ntabankulu where nine football associations were established and capacitated on sports and recreation management DSRAC.

The municipality further facilitated the sport and recreation session with the objective of developing an integrated sports and recreation plan, guidelines on provision of support to associations. The municipality facilitated the establishment of netball associations and further facilitated the implementation of an annual sport plan. The municipality coordinated the Mayoral cup games in Ntabankulu that have been initiated at ward level to elimination stages and then to the final games.

T3.68.0

### 3.68 SPORT AND RECREATION

### SERVICE STATISTICS FOR SPORT AND RECREATION

T3.68.1

# Chapter 3

Sport and Recreation Policy Objectives Taken From IDP										
Service Objectives	Outline Service Targets	Year 0		Year 1		Year 2		Year 3		Target
		Target	Actual	Target	Actual	Target	Actual	Target	Actual	
Service Indicators	(i)	*Previous Year (iii)	(iv)	*Previous Year (v)	*Current Year (vi)	*Current Year (vii)	*Current Year (viii)	*Current Year (ix)	*Following Year (x)	
Service Objective xxx										
To promote community participation in organized sport and recreation, targeting youth, women, elderly and physically challenged people	To ensure implementation of the integrated annual sports plan for professional functioning of sports associations by 2017	Develop and implement integrated local annual sports and recreation plan		Develop and implement integrated local annual sports and recreation plan		Develop and implement integrated local annual sports and recreation plan		Develop and implement integrated local annual sports and recreation plan		

Note: This statement should include no more than the top four priority service objectives. The indicators and targets specified above (columns (i) and (iii)) must be incorporated in the indicator set for each municipality to which they apply. These are 'universal municipal indicators'. \* 'Previous Year' refers to the targets that were set in the Year -1 Budget/IDP round; \* 'Current Year' refers to the targets set in the Year 0 Budget/IDP round; \* 'Following Year' refers to the targets set in the Year 1 Budget/IDP round. Note that all targets in the IDP must be fundable within approved budget provision. MSA 2000 chapter 5 sets out the purpose and character of Integrated Development Plans (IDPs) and chapter 6 sets out the requirements for the reduction of performance management arrangement by municipalities in which IDPs play a key role.

T 3.23.2

# Chapter 3

Employees: Sport and Recreation					
Job Level	Year -1	Posts	Year 0	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	Employees		Employees		
	No.		No.	No.	%
Not Applicable T 3.23.3					

## COMMENT ON THE PERFORMANCE OF SPORT AND RECREATION OVERALL:

The municipality has conducted the programs as outlined below:

- Group stages
- Elimination stages
- Quarter finals
- Fun run program
- Mayor cup game (finals)

The municipality did not review the integrated annual sport plan and there have been no planned sport activities due to budget constraints during the year under consideration.

T3.68.6

# Chapter 3

## COMPONENT I: CORPORATE POLICY OFFICES AND OTHER SERVICES

This component includes: corporate policy offices, financial services, human resource services, ICT services, property services.

The Municipality has Budget and Treasury Office is responsible for municipal financial management in terms of revenue and expenditure management, procurements of goods & services and safeguarding of Municipal assets. The Municipal Council approved both the draft and annual budget in terms of the National Treasury guideline, circulars and the MFMA. The Municipality has been spending in line with approved budget and adjustment budget is submitted to the Council when there is overspending to avoid the authorised expenditure. The Financial monthly, quarterly and annual reports were prepared and submitted to the Council, Provincial and National Treasury and to the office of the Auditor General. The Municipality prepared quarterly financial statements and the half year financials were submitted to AG for auditing. The Municipal asset register is updated and maintained monthly.

### 3.69 EXECUTIVE AND COUNCIL

This component includes: Executive office (mayor; councilors; and municipal manager).

#### INTRODUCTION TO EXECUTIVE AND COUNCIL

The Ntabankulu Municipal Council has 34 councillors and 07 traditional leaders. Out of 34 councillors, 17 councillors are elected to represent wards and 17 council are from the party list as Party representatives. There 07 traditional leaders gazetted in the Provincial Gazette to participate in the municipal council and represent the traditional leadership. The municipality also established the Executive Committee with seven (7) members, including the Mayor Councillor, V. Mgoduka who is also the chairperson of the committee.

The Municipal Council also established five section 80 committees. The committees are chaired by portfolio heads and are composed of councillors, Senior Managers, and Traditional Leaders.

The Municipal Council has established three section 79 committees such as (1) Municipal Public Accounts Committee, which is chaired by Councillor B.Z. Ndamase, (2) Petitions and Public Participation Committee, which is chaired by chaired by Councillor N. Ncekana, (3) Rules, Ethics and Members 'Interests Committee, which is chaired by Councillor M. Nqwazi.

The municipality inculcated a culture for accountability among its political structures, traditional leaders and staff to the public. In the staff establishment of the Municipality, the Public Participation and Council Support Division attached to the Office of the Speaker and administratively the unit reports to the Director, Community Services.

T3.69.1



# Chapter 3

The Executive and Council Policy Objectives Taken From IDP									
Service Objectives	Outline Service Targets	Year -1		Year 0		Year 1		Year 3	
		Target	Actual	Target	Actual	Target	Actual	Target	Actual
Service Indicators (i)	(ii)	*Previous Year (iii)	(iv)	*Previous Year (v)	*Current Year (vi)	*Current Year (vii)	*Current Year (viii)	*Current Year (ix)	*Following Year (x)
Service Objective xxx									
To strengthen the oversight functioning of the council by June 2017	Coordinate council sittings to adhere to legislative prescripts	Provision of effective administrative support to the council and its committees	Provision of effective administrative support to the council and its committees	Provision of effective administrative support to the council and its committees	Convene 04 Council sittings adhering to legislative prescripts	Convene 04 Council sittings adhering to legislative prescripts	Convene 04 Council sittings adhering to legislative prescripts	Convene 04 Council sittings adhering to legislative prescripts	

Note: This statement should include no more than the top four priority service objectives. The indicators and targets specified above (columns (i) and (ii)) must be incorporated in the indicator set for each municipality to which they apply. These are 'universal municipal indicators'. \* 'Previous Year' refers to the targets that were set in the Year -1 Budget/IDP round; \* 'Current Year' refers to the targets set in the Year 0 Budget/IDP round. \* 'Following Year' refers to the targets set in the Year 1 Budget/IDP round. Note that all targets in the IDP must be fundable within approved budget provision. MSA 2000 chapter 5 sets out the purpose and character of Integrated Development Plans (IDPs) and chapter 6 sets out the requirements for the reduction of performance management arrangement by municipalities in which IDPs play a key role.

T 3.24.3

# Chapter 3

Employees: The Executive and Council					
Job Level	Year -1	Posts	Year 0		
	Employees		Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.		No.	No.	%
0 - 3					
4 - 6	3	4	3	1	20%
7 - 9	3	3	3	0	0
10 - 12					
13 - 15					
16 - 18					
19 - 20					
Total	6	7	6	1	0,42%
The position of the Manager: Public Participation & Council Support is vacant.					
T 3.2.4.4					

## 3.70 FINANCIAL SERVICES

### INTRODUCTION FINANCIAL SERVICES

The Municipality has Budget and Treasury Office which is responsible for municipal finances, procurements and safeguarding of assets. The Municipal Council approved both the draft and annual budget in terms of the National Treasury guidelines and the MFMA. The Municipality has been spending in line with approved budget.

The Financial monthly, quarterly and annual reports were prepared and submitted to the Council, Provincial and National Treasury, Audit Committee and to the office of the Auditor General. The Municipal asset register is adequately updated and maintained monthly. The risk register has been developed and updated on a monthly basis. The progress report on risk is a standing item on Audit Committee meetings.

T3.70.1

The proportion of account value billed is calculated by taking the total value of the year's revenues collected against the bills raised in the year by the year's billed revenues.

T3.70.2.1

# Chapter 3

Employees: Financial Services					
Job level	Year -1		Year 0		
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	1	1	1	0	0
4 - 6	10	11	10	1	9%
7 - 9	6	8	5	1	12.5%
10 - 12	4				
13 - 15					
16 - 18					
19 - 20					
Total	21	20	16	2	10%

There are 4 Interns that are employed by the National Treasury, four trainees by LGSETA and one by Services SETA. the T 3.25.4

Financial Performance Year 0: Financial Services					
R'000					
Details	Year -1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	18 416 210.00	18 892 274	16 243 082	16 243 082	
Expenditure:					
Employees	9 259 398	5 825 269	4 629 699	4 629 699	-0
Repairs and Maintenance	300 000	156 150	143 850	143 850	
Other		12 910 855	20 172 498	20 172 498	
Total Operational Expenditure		18 892 274	24 946 047	24 946 047	
Net Operational Expenditure	-	-	-	-	-

## COMMENT ON THE PERFORMANCE OF FINANCIAL SERVICES OVERALL:

The Finance Department has prioritized Indigent subsidy as one of the Major projects, of which the Council approved 5 581 beneficiaries to benefit on electricity or paraffin and/or solar depending beneficiary village. Furthermore

# Chapter 3

financial improvement project was also prioritized by the Department as the Municipality's objective is to improve its audit opinion to unqualified come 2016/2017 financial year. The implementation of the revenue enhancement strategy was also prioritized. The mScoa project was one of the prioritized project nationally the Department has also invested lot of resources to the project with the intention to go live come 1 July 2017 as legislated.

T3.70.7

## 3.71 HUMAN RESOURCE SERVICES

### INTRODUCTION TO HUMAN RESOURCE SERVICES

Human Resourced is the division within the Corporate Services Directorate responsible to provide strategic support to the Municipality through coordination and provisions of the functions enshrined in the Municipal Systems Act No 32 of 2000 as amended, Labour Relations Act No 66 of 1995, Employment Equity Act No 55 of 1998 and Basic Conditions of Act 75 of 1997 & Occupational Health and Safety Act 85 of 1993.

Brief Overview of the Human Resource Function are as follows:

#### Organisational Design, Recruitment and Selection

This function deals with analysis and identification of functions to be executed by employees (Job descriptions) and development and review of the organogram. This division coordinate the recruitment, selection, appointment process and induction process. The purpose of this function is to ensure that the Municipality has human capital to perform tasks in order to achieve strategic goals of the Municipality and provide services to the Communities.

#### Labour Relations Function

Promote employee discipline, health and sound working environment. Local Labour Forums are coordinated in this unit to give a platform both employer and employee to discuss employee relations. Monitoring implementation of code of conduct and conditions of service.

#### Training & Development

Provides skills and education to impact knowledge to the workforce, thus enhance competencies and allow career path in order to increase productivity of Councillors and employees.

#### Individual Performance Management System

Responsible to monitor and evaluate individual performance

#### Occupational Health and safety

Responsible to ensure sound working environment

#### Employment Equity

It promotes opportunities and fair treatment in employment through elimination of unfair discrimination in the workplace. Ensure fair representation of the designated groups in all occupational categories.

#### Measures Taken to Improve Performance

The Municipality develops training plan for each financial year to capacitate employees. On job trainings are conducted. During the quarterly assessments employees develop their personal development plan to focus on areas that needs attention in terms of their skills so as to improve performance. Other neighbouring Municipalities are

# Chapter 3

engaged to do skills transfer e.g. implementation of PMS to all employees. CoGTA is also engaged to assist in our planning sessions so as to be able to develop SMART targets.

T3.71.1

# Chapter 3

Human Resource Services Policy Objectives Taken From IDP										
Service Objectives	Outline Service Targets	Year -1		Year 0		Year 1		Year 3		
		Target	Actual	Target	Actual	Target	Actual	Target	Actual	
Service Indicators		*Previous Year	(iii)	*Previous Year	(iv)	*Current Year	(v)	*Current Year	(vi)	*Following Year
(i)	(ii)		(iii)		(iv)		(v)		(vi)	(x)
Service Objective xxx Ensure an accountable administration by adhering to legislative prescripts & policies by June 2017..	Gap analysis was done, consultation through LRF and Strategic sessions were done, inputs were consolidated, Draft documents presented to Exco and to Council for adoption.	Development, review, and implementation of policies by June 2016	HR policies were reviewed and submitted to the Council for approval.	HR policies in the HR Manual reviewed and 1 new policy developed by June 2017.	Two workshops conducted by end June 2018.(Disciplinary code and Collective Agreements)	HR policies Manual was reviewed & 2 new policies were developed and adopted by council on the 30 May 2016. New policies are: Employee Disciplinary code and Mayoral/Speaker vehicle policies	Two workshops conducted by end June 2019.	Two workshops conducted by end June 2019.	HR Manual reviewed and 2 new policies developed by June 2020  Two workshops conducted by end June 2020.	
	HR policies Manual is reviewed and new policies are developed when necessary. Consultation through LRF is done. Draft documents are presented to Exco then to council for adoption/approval.									T 3.71.3



# Chapter 3

Employees: Human Resource Services					
Job Level	Year -1	Posts	Year 0		
	Employees		Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.		No.	No.	%
0 - 3					
4 - 6	4	4	4	0	0%
7 - 9	2	1	1	0	0%
10 - 12					
13 - 15					
16 - 18					
19 - 20					
Total	6	5	5	0	0%

There are two trainees placed by the LGSETA WIL programme.  
T3.26.4

Financial Performance Year 0: Human Resource Services					
Details	Year -1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	1 359 591	2 965 211	2 262 351	2 262 351	0
Expenditure:					
Employees	1 079 591	1 565 211	1 565 211	1 565 211	0
Repairs and Maintenance	0				
Other	280 000	1 400 000	697 140	697 140	9
Total Operational Expenditure	1 359 591	2 965 211	2 262 351	2 262 351	0
Net Operational Expenditure	1 359 591	2 965 211	2 262 351	2 262 351	0%

# Chapter 3

## 3.72 INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) SERVICES

This component includes: Information and Communication Technology (ICT) services.

### INTRODUCTION TO INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) SERVICES

Render and co-ordinate Management Information Systems (MIS) and Information Communication Technology (ICT)

-Provide centralised data-processing services;

-Co-ordinate Information -Management Systems, data management & ICT requirements and maintenance;

-Facilitate implementation of the municipality's MIS Strategy.

-ICT infrastructure and information security: ICT infrastructure upgrade has already been done i.e server room upgrade, cabling upgrade, Wi-fi installation and configuration, switches supply and installation, UPS has been installed in the server room and active directory server was installed and configured.

-Website management: Municipality website was redesigned and is currently functioning.

-Telephone Management: Telephone monitoring system is installed, reports produced on a monthly basis.

-ICT governance: ICT policy, ICT procedure manual, Draft risk framework, DRP and BCP plan, change management document are available and in use.

-Challenges: Lack of budget, office space& incapacitation of staff.

-More budgets for ICT section, the Municipality has requested funding from DPSA, COGTA & Department of Communications.

T3.72.1



# Chapter 3

ICT Services Policy Objectives Taken From IDP									
Service Objectives Service Indicators (i)	Outline Service Targets (ii)	Year -1		Year 0		Year 1		Year 3	
		Target	Actual	Target	Actual	Target	Actual	Target	Actual
		*Previous Year (iii)	(iv)	*Previous Year (v)	*Current Year (vi)	*Current Year (vii)	*Current Year (viii)	*Current Year (ix)	*Following Year (x)
Service Objective xxx Ensure an accountable administration by adhering to legislative prescripts & policies by June 2017.	3 Operationalised systems (Mimecast-email management system, EDMS, Fleet Management system, Recruitment system and Customer Care System) by June 2017.	Acquisition of two operationalised systems and report (Network monitoring system and EDMS system) by June 2016	None	Acquisition of two operationalised systems and report (Network monitoring system and EDMS system) by June 2016	3 Operationalised systems (Mimecast-email management system, EDMS, Fleet Management system, Recruitment system and Customer Care System) by June 2017.	The process is still on SCM for appointment of service provider	No targets set for the financial year	No targets set for the financial year	No targets set for the financial year
Annual development & review of ICT policies when necessary. They are tabled to council for adoption/approval.									
T 3.27.3									

# Chapter 3

Job Level	Year -1		Year 0		
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3					
4 - 6	1	1	1	0	0 %
7 - 9	2	2	2	0	0%
10 - 12					
13 - 15					
16 - 18					
19 - 20					
Total	3	3	3	0	0

There is also one trainee appointed by the LGSETA, there is a lack of office space.  
T3.27.4

Financial Performance Year 0: ICT					
R'000					
	Detail	Details			
Detail					
Total Operational Revenue	Total Operational Revenue	Total Operational Revenue	Total Operational Revenue	Total Operational Revenue	Total Operational Revenue
Expenditure:	Expenditure:	Expenditure:	Expenditure:	Expenditure:	Expenditure:
Employees	Employees	Employees	Employees	Employees	Employees
Repairs and Maintenance	Repairs and Maintenance	Repairs and Maintenance	Repairs and Maintenance	Repairs and Maintenance	Repairs and Maintenance
Other	Other	Other	Other	Other	Other
Total Operational Expenditure	Total Operational Expenditure	Total Operational Expenditure	Total Operational Expenditure	Total Operational Expenditure	Total Operational Expenditure
Net Operational Expenditure	Net Operational Expenditure	Net Operational Expenditure	Net Operational Expenditure	Net Operational Expenditure	Net Operational Expenditure

ICT Infrastructure has been improved: Server room upgraded, all the switches have been changed, cabinets replaced, 42 network points installed, Wi-Fi technology installed and configured, active directory server installed and configured, UPS supplied and installed in the server room and cabling standards upgraded from CAT 5 to CAT 6.

Systems in place: Cibecs backup systems, municipal website, VIP Payroll systems, Pastel financial system, sms system.

# Chapter 3

ICT Infrastructure has been improved: Server room upgraded, all the switches have been changed, cabinets replaced, 42 network points installed, Wi-Fi technology installed and configured, active directory server installed and configured, UPS supplied and installed in the server room and cabling standards upgraded from CAT 5 to CAT 6.

Systems in place: Cibecs backup systems, municipal website, VIP Payroll systems, Pastel financial system, sms system.

T3.72.7

## 3.73 PROPERTY; LEGAL; RISK MANAGEMENT AND PROCUREMENT SERVICES

This component includes: property; legal; risk management and procurement services.

### INTRODUCTION TO PROPERTY; LEGAL; RISK MANAGEMENT AND PROCUREMENT SERVICES

In the Ntabankulu Local Municipality staff establishment, the municipality has a legal services unit under the office of the Municipal Manager. There was One Official responsible management of legal services functionality through the provision of legal advice on strategic pro-active and reactive basis through the application of knowledge of relevant legislation, statutes, and ordinances and by laws.

Providing practical recommendations and solutions, examining and reviewing current legal strategies to address awareness and relationships. Coordinating and implementing legal interventions and initiatives, providing advice and guidance on the development of effective professional and sustainable legal approaches.

Conducting research on legal case studies and legal precedents to manage legal implications and risks. He was also assisting the Municipality in attending all litigations for and against the Municipality and assign lawyers on the approval by the Municipal Manager to represent the Institution on matters that needs to be attended to.

The risk and compliance officer has been appointed with effect from the 16 May 2017. The Strategic & Operational Risk Register for the financial year 2016/2017 was developed. Each directorate has a risk champion which liaises with the Internal Audit Manager and the risk and compliance officer. The risk registers are monitored through monthly reports and reviewed by Internal Audit on a quarterly basis who then reports to the Audit Committee on the progress.

The procurement services function is attached to the Budget and Treasury Office. The head of the SCM unit is reporting directly to the CFO. Staff turnover, supply chain management manager, supply chain accountant, acquisition clerk, logistics clerk, one intern and one trainee.

T3.73.1

# Chapter 3

Property, Legal, Risk Management, and Procurement Services Policy Objectives Taken From IDP											
Service Objectives	Outline Service Targets	Year -1		Year 0		Year 1		Year 3			
		Target	Actual	Target	Actual	Target	Actual	Target	Actual		
		*Previous Year		*Previous Year	*Current Year	*Current Year		*Current Year	*Current Year	*Following Year	
Service Indicators		(i)	(ii)	(iii)	(iv)	(v)	(vi)	(vii)	(viii)	(ix)	(x)
Service Objective xxx											
To ensure compliance with Municipal legislative prescripts, policies, by laws and sector plans by June 2017	Develop, review and implement policies, sector plans and by-laws.			Review, enforce and assist in monitoring, promulgate and enforce municipal by laws and policies by 30 June 2014		Reviewed, enforced and monitored policies		Policies, By-laws and Sector Plans in place. Six Policies reviewed and 1 Developed and Six Municipal By-laws reviewed in 2016/2017.		Policies, By-laws and Sector Plans in place. Six Policies reviewed and 1 Developed and Six Municipal By-laws reviewed in 2016/2017.	
								12 reviewed and 1 developed policies. 12 reviewed by laws		Policies, By-laws and Sector Plans in place. Six Policies reviewed and 1 Developed and Six Municipal By-laws reviewed in 2017/2018	
To mitigate potential Risk by 2017	To develop strategic risk, operational risk and mitigate risk by 10% by June 2017	Implementati on of risk register	Implemented risk register	Implementati on of risk register	Implementatio n of risk register	50% mitigated risks	60% mitigated risk	NA	NA	NA	NA
Note: This statement should include no more than the top four priority service objectives. The indicators and targets specified above (columns (i) and (iii)) must be incorporated in the indicator set for each municipality to which they apply. These are 'universal municipal indicators'. * 'Previous Year' refers to the targets that were set in the Year 0 Budget/IDP round. * 'Current Year' refers to the targets set in the Year 1 Budget/IDP round. * 'Following Year' refers to the targets set in the Year 2 Budget/IDP round. Note that all targets in the IDP must be fundable within approved budget provision. MSA 2000 chapter 5 sets out the purpose and character of Integrated Development Plans (IDPs) and chapter 6 sets out the requirements for the reduction of performance management arrangement by municipalities in which IDPs play a key role.											T 3.28.3

# Chapter 3

Job level	Year - 1		Posts	Employees	Vacancies (fulltime equivalents)
	Employees				
	No.		No.	No.	No.
0 - 3	2		2	2	0
4 - 6	4		1	1	0
7 - 9					
10 - 12					
13 - 15					
16 - 18					
19 - 20					
Total	6		3	3	0

# Chapter 3

## Financial Performance Year 0: Legal and Procurement Services

R'000

Details	Year 01		Year 0		Year 0		Actual	Variance to Budget
	Actual		Original Budget	Adjustment Budget				
Total Operational Revenue	1 394 432		2 287 489		2 115 732		2115 732	
Expenditure:								
Employees Repairs and Maintenance	894 432		1 337 489		1 337 489		1 337 489	
Other								
Total Operational Expenditure	1 394 432		2 287 489		2 115 732		2115 732	
Net Operational Expenditure	1 394 432		2 287 489		2 115 732		2115 732	
Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.								T 3,28,5

# Chapter 3

## COMPONENT J: MISCELLANEOUS

This component includes: the provision of Airports, Abattoirs, and Forestry as municipal enterprises.

### INTRODUCTION TO MISCELLANEOUS

The Municipality does not have airports and abattoirs and forestry is covered under Local Economic Development.

13.7.4.0

## COMPONENT K: ORGANISATIONAL PERFORMANCE SCORECARD 2016/2017

This component includes: Annual Performance Scorecard Report for the current year.

# *Ntabankulu Local Municipality Annual Performance Report for the financial year 2016/2017*



## Chapter 3

# OFFICE OF THE MUNICIPAL MANAGER



# Chapter 3

## NTABANKULU LOCAL MUNICIPALITY

Support by KPA	Priority Area	IDP Objective	OB jectives number	IDP Strategies	Baseline on the date of review (January 2015)	Indicator	KPI Number	Measure Unit Source	Budget Amount	Funding Source	Annual Target	Achieved or not achieved	Comments for non- achievement	Reason for non- achievement	Corrective measures	POE	Expenditure		
Good Governance	Risk Management	To mitigate potential Risk by June 2017	GG 06	Develop operational risk management and review of strategic and operational risk register	Strategic Risk register for 2015 /2016 /2017	Strategic Risk and Operational ratio report	Quantitative risk management report	No of reduced mitigated risks	5.6 .1	Quantitative risk management reports	R 20 000.	ES	To develop operational risk register and mitigate risk by 80% by June 2017	Achieved	Strategic risk register and operational risk register have been developed further improved The municipality has developed	n/a	n/a	Updated Risk register report	R 20 695.61

[illegible]

# Chapter 3

Audit †	To ensur e n clea n audit by June 2017	GG 07	Devel opme nt and imple ment ation of Audit Action Plan	2014 /2015 Audit Acti on Plan	Appr ove d Audit Acti on Plan	Quart erly Progr ess Report on the imple ment ation of Audit Actio n Plan	No of redu ced Audit for Gen eral Findi ngs	5.7 .1	Quart erly progr ess report s	nil	n/ a	90% Redu ced AG findi ngs by June 2017	No † Ac hie ved	n/a	76% AG findings have been reduced , however some of the actions are still in progress	Audit action plan will be monito red monthl y for the financi al year 2017/2 018	Progre ss report on imple menta tion of Audit Action Plan	nil
			Devel opme nt and imple ment ation of Intern al Audit	Appr ove d Inter nal Audit † plan for 2015 /201	Appr ove d Inter nal Audit † Plan	Quart erly Audit Report as per the Appr oved Intern al	No of Quart erly Audit † Rep orts	5.7 .2	Quart erly Audit report s	R 800 000.00	ES	100% Audit report s produ ced as per appr oved Audit Plan	No † Ac hie ved	n/a	The audit for quarter 4 perform ance informati on and annual perform ance	The target has been review ed for 2017/2 018 financi al year as the	1. Intern al Audit Report s as per appro ved audit plan	R 534 553.00

[illegible]

[illegible]

[illegible]

# Chapter 3

			Development, implementation and management of the audit committee and internal control system	61% implemented	Audit Committee resolution	Quarterly report on implementation of audit committee resolutions	No of implemented audits	5.7	Quarterly progress reports	nil	n/a	80% of audit committee resolutions implemented by June 2017	Achieved	82 out of 97 audit committee resolutions have been implemented and there were 85% was achieved in terms of implementation	n/a	n/a	Updated Audit Committee resolutions Register	nil
GG	Compliance with legislation	To ensure compliance with Municipal legislative prescripts, policies, by-laws and	Management performance of Service Providers	Signed SLA's, MOU's, SCM policies and Appointmen letters.	Signed SLA's, MOU's, SCM policies and Appointmen letters.	Performance reports	Improved performance of Service Providers.	5.4	Quarterly service providers Reports	N/A	N/A	Monitor Service providers performance in line with the set deliverables as per signed	Achieved	Performance of Service Providers was monitored on a monthly basis and Quarterly progr	N/A	N/A	Quarterly reports on performance of Service Providers	N/A

[illegible]



[illegible]

# Chapter 3

Strategic Planning -IDP	To ensure availability of credible and implementable IDP to guide municipal processes for 2013/2017	G03	Develop IDP 2017/2022, adopt and implement process plan. Review IDP 2016/2017	Adopted 2015/2017 IDP. Updated situation and analysis, and war base plan	IDP Process Plan, Situation and analysis, and war base plan	Draft IDP and comp liance report on IDP Process Plan	Adopted 2017/2022 IDP	5.3.1	Annually reviewed IDP	R600,000	NL M & AN M	Coordinate Development and adoption of the IDP 2017/2022 by June 2017.	Achieved	The IDP 2017/2022 was developed and adopted 30 May 2017	N/A	N/A	1st & 2nd quarter Situation Analysis, IDP Process Plan, Council Resolution of the IDP. Proof of	
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[illegible]

[illegible]

[illegible]

# Chapter 3

Preparation of the Annual Report in line with MFMA 56 of 2003	2014/2015 Audited Annual Report	Approved SD&P 2017/2018, National Treasury annual report 2015/2016	Draft Annual Report 2015/2016	Adopted Annual Report 2015/2016	5.4	Quarterly Report on development of Annual Report	N/A	Development of Annual Report 2015/2016 in line with MFMA 56 of 2003 by June 2017	Accepted	The Draft Annual Report 2015/2016 & Final Annual Report with MFMA 56 of 2003 was developed	N/A	N/A	2015/2016 Draft Annual Report & the Final Annual Report, Proof of submission of the 2015/2016 Draft Annual Report & the Final Annual Report to AG, PT, NT, Provincial Legislative	Nil
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# Chapter 3

Roads and storm water	To improve accessibility and mobility of community members through construction of 190 km new access roads with storm water and 6 bridges by June 2017	BS 01	To construct roads infrastructure as identified in the 3-year capital plan	120 km of gravel access roads have been constructed.	Three year capital plan, Business plan, appraisal on letter to Department of Roads and Public Works and project registration	Appraisal letters of registered projects and close out reports	Number of access roads 1 kilo metres and bridges completed;	1.1	Completion certificates; close out reports	R 4 971 511.73	M/G	Rehabilitation of 6.5 km of gravel access roads at Buntshentshe in ward 10 by 30 June 2017	Achieved	6.5 kilometres of gravel had been completed at buntshentshe access road.	N/A	N/A	Practical completion certificate	1 471 495.21
Basic Service Delivery																		
									Practical completion certificate	R 2 740 139.80	M/G	Construction of 3km Matha Gravel Access road in ward	Achieved	3km of Gogotho Matha gravel access road had been constructed	N/A	N/A	Practical completion certificate	2 315 467.46

[illegible]



[illegible]

and G5 was complete and box cutting was completed of the remaining portion of the road. All the materials for construction of the phase two was on site. Road ED box g and spoil of material, drain age and			
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[illegible]

[illegible]

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[illegible]

# Chapter 3

Drop Advert & migration forms and approvals letters	N/A	N/A	for 2019/18 were registered on MIG/MIS systems and they were approved & Draft advice has been done and submitted to BTO	Ac hire d	Register project planned to be implemented during 2018/19 & ensure readiness/Project registration and appointment of service providers of projects to be implemented in 2017/18 by 30 June 2017	MIG	R1, 798 000	Adverts	1.1	Number of projects implemented in compliance with project specifications 100% capital budget expenditure	Site visits report Allocation letter and Expenditure reports	Three year capital plan and MIG Business plan.	3-year capital plan for 2016/17 to 2017/18 under review	To ensure improved project management				

# Chapter 3

Elect ifica tion of hous ehol ds	To incre ase the num ber of hous ehol ds with acce ss to elec tricity to 12 199	85 03	Provisi on of grid electri city to house holds in line with the municipi s elec tricity plan.	1050 8 hous ehol ds have access to elec tricity to be con nect ed	Busin ess plan and elec tricity plan and elec tricity plan	Electri ficati on report	Num ber of hous ehol ds elect rified	1.3	Report on INEP expen diture	R7,5 68,0 00	INE P	Electri ficati on of 344 house holds at Mbho ngwe ni village in ward 17 by 30 June 2017.	Ac hie ve d	344 hous ehol ds had been elect rified and ener gised in ward 17 of Ntab ankul u LM.	n/a	n/a	Benefi ciary list	42 000 010.00
	hous ehol d by June 2017								Report on INEP expen diture	R3 350 000	INE P	Electri ficati on of 134 house holds at Buhla mbho village in ward 17 by 30 June 2017.	No t ac hie ved	N/A	The project had been delayed by the late/non -transfer of electrific ation funding by	Maten dis had been deliver ed to site and const ruction has resum ed	Progre ss reports	

[illegible]



60%, MV excd valio ns 45%, LV plantii ng 60%, MV plantii ng 45%, ct 28 June 2017; LV excd valio ns 100%, MV excd valio ns 98%, LV plantii ng 100%, MV plantii ng 98%, LV stingi ng 95% and MV stingi ng 85% com plete	been revised to acco mmod ate the require d time to compl ete the work.		
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# Chapter 3

Report ts on INEP expen diture	R 4 550 000	INE P	Electri ficati on of 182 house holds at Mnge ni/Dra yini villag e in ward 7 by June 2017	No t ac hie ved	127 hous ehol ds had been elect rified at Mng eni/ Drayi nii villag e in ward 6.	During the planning the map of the area indicate d 182 househo lds to be electrifi ed, and on impleme ntation stage some of the househo lds were demolis hed and non existing, then the municip ality electrifie d 127 which were availabl e househo lds in the area.	n/a	Benefi ciary list
Report ts on INEP expen diture	R 1 500 000	INE P	Electri ficati on of 60 house holds at Mthuk azi villag	Ac hie ved	60 hous ehol ds had been elect rified at Mthu	n/a	Benefi ciary list	



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[illegible]

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Financial viability	Expenditure Management	To improve accessibility and mobility of community members through Cons	To ensure improved project management	Project monitoring reports and 100% capital expenditure for 2015/16 projects	Three year capital plan and MIG Business plan.	Allocation letter and Expenditure reports	100% capital budget expenditure	1.1.2	Report on total expenditure	R35,960,000	MIG	Inward 910 be completed by 30th June 2017.	Actual	Municipal Infrastructure Grant (MIG) is 100% spent	n/a	n/a	of July 2017.	Report on total expenditure	35 960 267.00
									Report on total expenditure	R40m	INEP	100% INEP expenditure by 30 June 2017	Actual	Integrated National Electrification Programme is fully spent	n/a	n/a		Report on total expenditure	42 000 010.00

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[illegible]

[illegible]

# Chapter 3

Good Governance	Compliance with Legislation	To ensure compliance with Municipal legislative prescriptions, policies, by laws and sector or plans by June 2017	G5	Develop, review and implement policies, sector plans and by-laws.	Policies, By-laws and Sector Plans in place. Six Policies reviewed and adopted. Developed and implemented Six Municipal By-laws reviewed in 2016/2017.	Draft Policies, By-laws and Sector Plans	Approved Policies, By-laws and Sector Plans	Number of approved Policies, By-laws and Sector Plans and By-laws.	5.4	Compliance reports	Nil	E/S	Facilitate Provision of legal assistance on development and review of 12 municipal policies and 12 Municipal by-laws in line with the relevant legislation by 30 June 2017.	Accomplished	12 Municipal Policies have been reviewed and adopted. Policy development and review of 12 municipal policies and 12 Municipal By-laws reviewed.	N/A	N/A	N/A	Report on review of 12 Policies and 12 By-laws. Filled Gap Analysis for policies and by laws reviewed, and drafted one developed Municipal By-law.	Nil
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# Chapter 3

Management of Service Providers.	Existing contracts signed with Service Providers.	Signed SLA's, MOU's and appointments letter	Performance reports	Improved performance of Service Providers	5.4.6	Recommendation and vetting report	Nil	E/S	Provision of valid and legal assurance on Lease Agreements, SLA's, Employment Contract and MOU's by 30 June 2017.	AC hieved	14 Hawk er stall lease agree emen ts have been redacted, 1 transi do lease agree eme nt draft ed, 1 tucks hop lease agree eme nt draft ed, 7 SLA's draft ed and 5 SLA's checked and vetted where necessary.	N/A	N/A	N/A	14 drafts of hawk er stall lease agreements, 1 transid o lease agree ment, 1 tucksh op lease agree ment, 7 draffed SLA's and 5 check ed and vetted SLA's.	Nil
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# Chapter 3

		To manage and coordinate litigation by and against the Municipality by June 2017.	GG 08	Management of the litigation register within the Municipality.	Litigation registers have been reduced by 5%	Litigation	Updated litigation register	Number of resolved and unresolved litigation by and against the Municipality	5.4.8	Litigation quarterly progress reports	R1 200 000	E/S	Management of litigation matters through reduction by 20% in June 2017.	No outstanding	Postpone	Updated litigation register and annual litigation report.	It is recommended that the legal team submit monthly litigation reports and further that stagnant matter be removed from the litigation register.	Updated litigation register and litigation progress reports.	756 061.88
LED	Job Creation	To create job opportunities through EPWP by June	LED 06	Identify EPWP programs/projects	164 FTEs created. R1,2 3m incentive grant received	EPWP Policy and Minitas Detailed Implementation	Created job opportunities	Number of FTEs created	3.6.1	Annual report on created FTEs	R1 231 000	Incentive Grant Fund	To create 122 FTEs by 30 June 2017	Accomplished	152.2 FTEs created	N/A	N/A	Signed employment contracts for the participants	



2017	131	Number of EPWP participants registered with UIF	3.6.2	Monthly UIF report	N/A	To register EPWP participants with UIF to the Department of Labour by 30 June 2017	AC hieved	138 EPWP participants were registered with the Department of Labour for UIF	N/A	Monthly reports on submission of the UIF-19 forms	1 536 041.05
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## Chapter 3

# INFRASTRUCTURE PLANNING AND DEVELOPMENT DIRECTORATE

# Chapter 3

## NTABANKULU LOCAL MUNICIPALITY.

Sup por ted KP A	Prior ity Area	IDP Obje ctive s	Obj ective num ber	IDP Strateg ies	Base line on the date of re vie w (Jan uary 2015 )	Indicator		KPI Num ber	Measu rement Source	Bu dg et A m ou nt	Fu nd in g So ur ce	Ann ual Targe t	Achi eve d or not achi eve d	Commen t for achie vement	Reason for non achie vement	Correct ive measu re	POE	Expenditure
Basic Service Delivery	Roads and storm water main tenance	To sustain accessibility and optimise the design life through maintenance of roads and storm water	BS 02	To regrav el access roads as per roads maint enanc e plan for financial year 2016/2017.	13.6 km maintained in 2015 /2016 financial year	Input Visit sites.	Output Scope of works with implementation schedule signed by direct orate head.	Outcome Number of kilometres maintained	Annual documents evidence for the implementation of the maintenance plan	R1 900 000	ES	23.5k of municipal grave l roads maintained with 200m of storm water facilities (Chibi ni to Nyab eni via Mana leni, Mhl ei	Not Achieved	Roadworks were 74% completed as at 28 June 2017. Site establish ment, patch gravellin g and wet blading for 17 kilometres was done.	Inclemen t weather delays, Stealing of contract ors machiner y part and issue of communi ty not wanting to give borrow pit to contract or for free	The contr actor is on site with anothe r team and second water cart and they are pushi ng to complete before the end of July 2017	Close out report, Expendi ture report, Photos, Comple tion and certifi cate	R 1 460 778.98
						Devel op scope of works and projec t implementation plan	Signed PIP by the direct orate head.											

# Chapter 3

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# Chapter 3

Com muni ty Facili ties	Main tena nce of publi c infras truct ure by June 2017	BS 06	To develo p and imple ment a maint enanc e plan for comm unity halls for financi al year 2016/2 017.	Ther e are 21 com muni ty halls	Devel op scope of works	Scop e of works with imple ment ation sche dule signe d by direct orate head.	Num ber of com muni ty halls main tain ed	1.6 .1	Expen diture report	R 50 00 0	ES	Maint enan ce of 3 com muni ty hall by June 2017	Achi eve d	was hired and twelve street lights were maintain ed in urban area	Not applicabl e	Not Appli cable	Mainte nance reports expendi ture reports and photos	R492 903.00
			To constr uct palisa de fencin g at the cemet ery	The muni cipa lity has one cem eter y with out shelt er in war	Devel op scope of works	Scop e of works with imple ment ation sche dule signe d by direct orate head.	Num ber of meir es fenc ed. Com plet ed shelt er	1.6 .2	Expen diture reports	R 58 00 0	ES	620m of Palisa de fenci ng constr ucted at the ceme tery by June 2017	Achi eve d	620m of Palisade fencing was construct ed at the cemetery	Not applicabl e	Not Appli cable	Progress report, expendi ture reports and photos	R647 962.56

# Chapter 3

Building Control	To enforce and improve the quality and aesthetic look of buildings in the municipal area by June 2017	BS 07	To develop and implement maintenance schedules for municipal buildings	12 existing municipal buildings (Transido, Manyan, Soc. Dev, ERF 85, Cultural Village, MPC, Arts & Craft Cent re, ERF 54 & ERF 52, Stat e House), muni	Develop scope of works and schedule implementation	Signed PIP by the direct orate head.	Number of municipal buildings maintained.	1.8	Progress reports	R 40 000	ES	Implementation of identified scope of work at erf 85, home affairs, social development, by June 2017	Not applicable	Not applicable	Progress reports, expenditure reports, photos, Scope of works	R 407 173.79
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8,321 and 357 were issued and approval s for even 1057,348, 58, 474, 321, 232, 316, 293,299,1 38,388,35 6, 76, 405, 159 and 417 were issued and inspectio n for even 6, 1135, 347, 159X4,76 X2,1056,3 04, 452x2, 388, 405x2,19 57X2,138, 356x3, car wash,105 7X4,842, 429,299 and 417 were conduct ed
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# Chapter 3

Good governance																		
Audit Report	To ensure clean audit by 2017	GG 07	Development and implementation of Audit action plan	Qualified opinion	Audit action plan	Audit reports	Unqualified audit report	5.1.1	Quarterly report	R 0.00	N/A	90% reduced direct 'orate' s audit qualifications by June 2017	Achieved	Directorate's audit qualifications were reduced by 90%	Not applicable	Not applicable	Audit action plan and implementation report	R 0.00
Risk Management	To mitigate potential risks by 2017	GG 06	Development, implementation and review of strategic and operational risk register	Updated 2015/16 risk register for the Directorate	Risk register	Risk management reports	Mitigated risks report	5.1.4	Risk register implementation reports	R 0.00	N/A	80% reduced direct 'orate' s risks identified by June 2017	Achieved	Directorate's risks were reduced by 80%	Not applicable	Not applicable	Risk register, report on risk management	R 0.00
PMS	To monitor, measure and evaluate institutional performance by June 2017	GG 04	Timely signing of performance contracts and agreements by direct ors, managers and officers	2015/2016 Institutional Score card and PMS framework	PMS Framework, Performance Evaluation Schedules	Signed performance agreements for direct ors, Managers and Officers	Number signed performance agreements, metrics and directors, Managers and	5.1.2	Quarterly performance reports	R 0.00	N/A	Conduct quarterly performance review in accordance with signed performance plans were conducted by	Not Achieved	4 quarterly performance reviews in accordance with signed performance plans were conducted by Officers	Due to non-availability of the Director IPD, manager could not be assessed	Managers will be evaluated before the end of the first quarter 2017/2018	Evaluation reports and attendance register	R 0.00

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# Chapter 3

LED	Job creation	To create job opportunities through EPWP by June 2017	LED 05	Identify EPWP programs/projects	15 Job opportunities created in 2015/16 financial year	EPWP Policy and Employment contracts	Created job opportunities	Number of jobs created	3.5	Quarterly reports on created FTEs	R 0.00	ES	To create 15 job opportunities by June 2017	Achieved	Twenty two job opportunities were created through maintenance of community halls and ten were also created through Khanyisa and Building Maintenance (EPWP)	Not applicable	Not applicable	Attendance registers and expenditure reports	R 0.00
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## Chapter 3

# STRATEGIC PLANNING AND DEVELOPMENT DIRECTORATE

**NTABANKULU LOCAL MUNICIPALITY:**

Municipality | CHAPTER 3 – SERVICE DELIVERY PERFORMANCE (PERFORMANCE REPORT PART I) 183

# Chapter 3

LED	Agriculture (Crop production)	To provide support for production and development of agriculture produce to two cooperatives resulting in economic growth by 2017	LED 3.1	Provide production inputs and technical support for vegetable cooperative development in the market	One(1) sustainable cooperative compete in the market	Land, Fertilizers, Seeds, Fencing, material and Garden tools	Harvest production	Two (2) vegetable cooperative compete in the market.	3.1.1	Monitoring reports	R20 000	E/S	Provide Crop production support to Abahlobo cooperative by June 2017	Achieved	Support for Crop production was done by providing fencing material, ploughing and disking of 2 of land seed and seedlings also supported by irrigation equipment acceptance engine pump that service provided did not manage to purchase, training for	NA	NA	Annual Monitoring Report
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# Chapter 3

Agric ulture ( Poult y				Provid e suppo rt for one poult y coop erativ e	5 Poult y coop erativ es supp orted	Proposal to support one coopera tive, Funding	Chicks , feed and Poultry equip ment suppli ed	Mark et acce ssible to one poult y coop erativ e	3.1 .2	Mont hly and quart erly repor ts.	Nil	E/ S	Provi de poult y hous e, chick s and feed to Masik hule poult y coop erativ e in ward 04 by June 2017 .	Not Achi eved	The proc ure men t of chic ks and cons truct ion of struc tures was not achi eved due to inac cessi bility of war d due to com muni ty riot	The matter will be reporte d to the troika, and standin g commit tee executi ve commit tee for polifica tion interve nion.	
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# Chapter 3

Tourism: Arts, Culture development	Providing and promoting products to develop tourism support to five art and craft cooperatives by June 2017	LED 3.2	Facilitate and coordinate the promotion of arts and culture development	Data base of arts and crafters	Training Plan, Art and craft equipment, Funding	Improved product	Five crafts have access to commercial market	3.2.1	Monthly and quarterly reports.	R20 000	E/S	Provided skills to the crafters to improve their production by June 2017.	Achieved	Skills have been provided to 10 crafters in the form of training on Business skills, a workshop and an assessment by SEDA.	NA	NA	Monitoring Reports
	Marketing and promotion of Pondo Heritage by June 2017	LED 3.3	Facilitate and coordinate the promotion of Pondo cultural festival to attract regional and national tourists	Existing Pondo Cultural festival event	Marketing plan, Funding	Coordinated Event	Number of regional national tourist attended the event	3.2.2	Close out report on Pondo Cultural festival event	Nil	E/S	Develop marketing document for the promotion of Pondo culture by June 2017.	Achieved	The concept document has been developed that incorporate both the celebration of Pondo Culture and the preservation of	NA	NA	Marketing Document

# Chapter 3

Business Support: Retailers SMME/Co-operatives	Provide support and capacity building to 10 SMMEs, 10 Co-operatives by 2017	LED 3.5	Provide support such as tools, implements and development for sustainability of our SMMEs and Co-operatives	20 trained SMMES on financial management, project management and book keeping. Tools for furniture cooperative	Funding,	Trained SMMES	Capacitated and developed SMMEs and cooperatives	3.5	Monthly and quarterly reports.	R20,000	E/S	Provide three trainings to 10 SMMEs and 10 cooperatives by June 2017	Achieved	Pondok Culture and customs.	NA	NA	Attendance Registers	

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# Chapter 3

LED	SPU: NYDA	Provi de supp ort to six histor ical disa dvan tage d grou ps.	LED 6.1	Imple ment Youth; wome n, Physic ally Challe nged; Orpha ned and Vulner able Childr en; Elderly ; HIV/AI DS Sector Plans.	Existin g struct ures, MOU betw een NYDA and NLM	Sector plans, SPU structures, Funding	Imple mente d projec ts as per sector plans	supp ort provi ded to six histori cal disad vanta ged group s	6.1 .1	Mont hly and quart erly repor ts.	R20, 000	E/ S	Capa citate d LYO and One outre ach cand ucte d to disse minat e infor matio n as per NYDA MOU by June 2017	Achi eve d	The NYDA Outrea ch was condu cted on the 21 April 2017 at ward 15. IDP and Coope rative Gover nance Trainin g was condu cted on the 15-17 Februa ry 2017 and 21-22 June 2017	NA	NA	Attend ance Register s
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SPU: YOUTH					Implement Youth; women, physically challenged; Orphaned and vulnerable Children; Elderly; HIV/AIDS Sector Plans.		NYDA MOU	Implemented projects as per sector plans	supported provided to six historical cultural disadvantaged groups	6.1.2	Monthly and quarterly reports.	Events	Implemented Back to School program and Living dream for Youth structure, by June 2017	Achieved	The Back to School Gala Dinner was hosted on the 7 December 2016. The Mayor al Achiever's Award s were held on the 28 March 2017 and the Living Dream Talent Search Grand Finale was held on 28 June 2017	NA	NA	Invitation Letters, Attendance Register and Program
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# Chapter 3

	SPU: Women						Sector plans , SPU structures, Funding	Imple- mented projects as per sector plans	support provided to six historical disadvan- taged groups	6.1 .3	Monthly and quarterly reports.	E/S	Implemented Women's day and on the 16 Days of Activism in Women enfranchises by June 2017	Achieved	The Women's Day was held on the 31 August 2016 at Ntabankulu Town Hall and the 16 Days of Activism was held on the 25 Novem- ber at Mago- mbeni Great Place	NA	NA	Invitation letters, Attendance Register and Agenda	
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# Chapter 3

SPU: Physically Challenged				Implement Youth; women, Physically Challenged; Orphaned and Vulnerable Children; Elderly; HIV/AIDS Sector Plans.	Sector plans, SPU structures, Funding	Implemented projects as per sector plans	supported to six historical disadvantaged groups	6.1.4	Monthly and quarterly reports.	E/S	Implemented Training program for Disabled structures by June 2017	Achieved	The training was conducted by ABSA on Financial Management on the 28 October 2017 at Ntabankulu Town Hall	NA	NA	Invitation letter to ABSA, Attendance Register and Agenda	
SPU: Vulnerable Children,				Implement Youth; women, Physically Challenged; Orphaned and Vulnerable Children; Elderly; HIV/AIDS Sector Plans.	Sector plans, SPU structures, Funding	Implemented projects as per sector plans	supported to six historical disadvantaged groups	6.1.5	Monthly and quarterly reports.	E/S	Implemented Mandela program for OVC and Elderly People structures by June 2017	Achieved	The Mandela Day was hosted from the 21-28 July 2016 and Preschool visits were conducted in ward 6.8 and 15 on the 21 April 2017, 20	NA	NA	Attendance Register and Program for Mandela Day, Assessment Report and Attendance Register for preschool visits	

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# Chapter 3

LED	SPU: HIV/AIDS				Implement Youth: women, Physically Challenged; Orphaned and vulnerable Children; Elderly; HIV/AIDS Sector Plans.	Adopted SDF 2012/2017	Funding and expertise	Residential settlement approved	Zone d sites for sustainable human settlement	7.1	Monthly and quarterly reports.	400 000	E/S	Approved residential settlement by June 2017	Achieved	The residential settlement on Erf 906 & 907 was approved by council on 30/03/2017.	NA	NA	Involes, Attendance Register, Minutes and Agenda
					Implement Youth: women, Physically Challenged; Orphaned and vulnerable Children; Elderly; HIV/AIDS Sector Plans.	Adopted SDF 2012/2017	Funding and expertise	Residential settlement approved	Zone d sites for sustainable human settlement	6.1	Monthly and quarterly reports.		E/S	Implemented World Aids program by June 2017	Achieved	The World Aids Day was hosted on the 23 November 2016 at Nofy's B'n'B and Quarterly LAC's	NA	NA	

# Chapter 3

Management	man age ment and Housi ng adminis tration by June 2017	170 housi ng benefi ciaries captu red on the nation al housi ng needs registe r	Filled in natio nal housi ng needs registe r quest ionnaire	Filled questionn aires, five computers , online connectio n	Benefi ciaries captu red to nation al needs registe r system	Creat ed Housi ng oppo rtunity for 170 captu red benefi ciaries	7.1 .2	Mont hly and quart erly repor ts.	E/ S	2000 housi ng bene ficiari es captu red on the housi ng needs registe r by June 2017	Achi eve d	15 616 benefi ciaries captu red and screen shot printed and monito ring report develo ped.	NA	NA	Compu ter Screen shots
		Provid e suppo rt to owner s of inform ally subdiv ided proper ties (Privat ely owne d) and acquir e GPS	Data base of illegal subdiv ision	Data , Expertise,	Appro ved subdivi sion	Com plan ce by prop erty owne rs on subdiv ision	7.1 .3	Quart erly repor ts.	E/ S	Three Prop erties owne rs of illegal subdiv ision supp orted by June 2017	Achi eve d	Three owners of illegal ly subdivi ded sites (Erf 44, 61 & 97) were assiste d. Only Erf 44 is appro ved so far.	NA	NA	Engage ment meetin gs attend ance register
		Formal ise illegal subdivi sion Muni cipal Owne d	Data base of illegal subdiv ision	Data , Expertise,	Appro ved subdivi sion	Com plan ce on subdiv ision	7.1 .4	Quart erly repor ts.	E/ S	One Illegal subdivi sion s form alised by June 2017	Achi eve d	Erf 44 was formali sed and appro ved by council on 30/03/	NA	NA	Approv al letter

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# Chapter 3

Financial Viability	Revenue Management and enhancement	To increase own revenue and new revenue base by June 2017	FV1	Provide trading licenses and permit to format and informal businesses	Data base of formal and informal business	Needs analysis report upon inspection, Business Awareness brochures	Licenses issues to renew ed and new applic ants	Legal ly comp liant busin ess owne rs	1.1	Number of licenses and permits provided and revenue collected	Nil	E/S	Provide 12 trading licenses and permits to 12 formal and 12 informal businesses by June 2017	Not Achieved	NA	afresh by revising our business plan.	Licenses and permits could not be issued in collaboration with Town Planner, IPD and Environmental section	The licenses and permits should be issued in collaboration with Town Planner, IPD and Environmental section		
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# Chapter 3

GG	PMS	To monitor, measure and evaluate institutional performance by June 2017	GG 4	Timely signing of performance contracts and agreements by directors, managers and officers	Quarterly reports on performance agreements	Quarterly reports on performance agreements	Nil	E/S	2016/2017 Performance agreements for Managers and Officers signed by June 2017	Not achieved	PLANNING: The manager signed PMS with the director, but there's no officer below the manager hence the assessment is done between the director and manager.	Performance contracts were prepared for all managers and officers. Performance assessment evaluations were only performed for	The outstanding Officer will be evaluated upon her return from maternity leave	Signed Performance Agreements	
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GG	Risk Management	To mitigate potential risks by June 2017	GG 6	Development, implementation and review of strategic and operational risk register	Operational Risk register 2015/16 and Quarterly Risk management reports	Strategic Risk and Operational registers	Quarterly risk management report	Reduced No of mitigated risks	6.1	Risk register implementation reports	Nil	E/S	Risks identified reduced by 80% by June 2017	Achieved	There were four risks descriptions identified with eight actions implemented to mitigate those risks that mounted to 100% risk reduction.	NA	NA	Risk Register report	
GG	Audit	To ensure clean audit by June 2017	GG 7	Development and implementation of Audit action plan	Qualified audit opinion	Approved Audit Action Plan	Quarterly Progress Report on the implementation of Audit Action Plan	Reduced No of Audit or General Findings	7.1	Quarterly reports to audit committee and Council	Nil	E/S	Audit findings reduced by 90% by June 2017	Achieved	There were three findings from Audit action plan all of them were addressed resulting to 100% achievement	NA	NA	Audit Report	

# Chapter 3

GG	Over- sight	To strengthen the oversight functioning of the Council by 2017	GG 8	Coordinate sitting of Executive Committees (section 79) to adhere to the legislative prescripts by	Functional Executive Committees in place	Minutes of the committee	Recommendations made to the council	Number of Executive Committee meetings	8.1	Monthly and quarterly reports.	N/A	E/S	Convener 04 Executive Committee meetings by 30 June 2016	Achieved	9 Special Executive Committee Meetings and Ordinary Executive Committee Meetings	NA	NA	Notice, Minutes and Attendance Register
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# Chapter 3

Institutional	Institutional Communication	Review and implementation of marketing and communication strategy by June 2017	IDOT 3.1	Public relations of Kwakhanyaba Nkululeko news after; Facilitate hosting of Calendar Events; Provide Branding and Marketing Materials.	Adopted communication strategy	Sector departments, DCT, Media Houses (LCF)	Adopted and implemented marketing and communication strategy and action plan	Enhanced communication improvements of institution	3.1	Monthly and quarterly reports.	R30 000	E/S	Reviews	Achieved	The Communication Strategy Review Workshop for Councilors was held on the 30 September 2016 at Nofy's B'n'B	NA	NA	Invitation Letter and Attendance Register
					Existing Quarterly Publication					Monthly and quarterly reports.			Four Bulletins of Kwakhanyaba Nkululeko News by June 2017	Achieved	Four bulletins were issued from the 9th edition to the 12th edition	NA	NA	4 Printed Bulletins

Frequency of sitting with stakeholders	Monthly and quarterly reports.	Four Stakeholder Engagement Round tables and calendar event as per action plan coordinated by June 2017	Achieved	Five engagement Meetings were held with different stakeholders the first one was on the 29 September 2016, 16 November 2016, 14 February 2017, 14 March 2017 and 23 June 2017	NA	NA	Invitation Letters, Minutes and Attendance Registers
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# Chapter 3

GG	Compliance with legislation	To ensure compliance with Municipal legislative prescripts, policies, by-laws and sector or plans by June 2017	GG 5	Manage performance of Service Providers	Existing contracts signed with service providers	Signed SLA's, MOU's, SCM policy and Appointment letters.	Performance reports	Improved performance of Service providers.	5.1	Monthly and quarterly reports.	N/A	Monitored Service providers performance inline with the set deliverables as per signed SLA's within the directorate by June 2017	Achieved	PLANNING: 1. Middle Income e; Municipal legal unit is in the process of terminating the service of the Developer due to non performance 2. Office park; Developer pulled out of the Project 3. Infill development; Municipal legal unit is in the process of	NA	NA	Quarterly progress reports on the performance of service providers
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## Chapter 3

# COMMUNITY SERVICES DIRECTORATE

# Chapter 3

## NTABANKULU LOCAL MUNICIPALITY

Supp orted KPA	Priorit y Area	IDP Objec tives	IDP Obj ective numb er	IDP Strate gies	Basel ine on the date of review (May 2016)	Indicator	KPI Num ber	Meas urem ent Source	Bud get Amo unt	Fu nding Source	Ann ual Target	Ach ieved /No t Ach ieved	Com mit ment for achiev ement	Reason for non achiev ement	Correctiv e measure	POE	Expenditu re		
GG	Audit	To ensur e clean audit by 2017	GG 07	Devel opme nt and imple ment ation of Audit actio n plan	Quali fied audit opini on	Input Audit actio n plan	Output Imple ment ation of audit actio n plan	Outcome Unqu alified audit report	5.7 .1	Quart erly report to audit commi tee and coun cil	Nil	E/S	90% reduc ed audit qualifi cation by June 2017	Ac hie ved	100 % reduc tion to the director ate audit findings has been done and report on audit impleme ntation plan has been develop ed.	Non e	None	Audit action plan and implem entatio n report	Nil

# Chapter 3

GG	Com plan ce with legisla tion	To ensur e comp liance with Munic ipal legisla tive prescri ptions, policies, by-laws and sector plans by June 2017	GG 05	Devel op, re view and imple ment policies, sector plans and by-laws	Polici es, by- laws & sector plans in place			No of appro ved poli cies, sector plans and by- laws		Com planc e report s	Nil	Nil	Revie wed poli cies, sector plans by June 2017	Ac hieved	Six (06) policies have been reviewed and adopted by the Council	None	Report on present ation of policies & affi dence register	Nil
GG	Risk Man age ment	To mitiga te poten tial risks by 2017	GG 06	Devel opment, imple ment and review of strate gic and opera tional risk register	Strat egic risk register 2014/ 2015 and Oper ation al risk register 2014/ 2015	Oper ation al Risk Regis ter	Imple ment ation of risk register	Numb er of mitiga ted risks	5.6	Risk regist er imple ment ation report s	Nil	Nil	80% reduc ed risks identif ied by June 2017	Ac hieved	80% risk reduction has been done, out of four director ate risk descriph ons, three of them their likely hood has been eliminat ed and the other one remains	None	Risk register,  report on risk manag ement	Nil



# Chapter 3

GG	PMS	To monitor, measure and evaluate institutional performance by June 2017	GG 04	Timely signing of performance contracts and agreements by directors, managers and officers	2015/2016 signed performance contracts and agreements	Signed individual performance agreements	Performance appraisals for individuals	Number of signed performance agreements for directors, managers and officers	5.1	Quarterly report on signed performance agreements	Nil	E/S	Implementation and cascading of PMS framework to managers and Office by June 2017	Achieved	but its likelihood has been reduced and the risk implemented report has been developed	None	Signed performance agreements, and evaluation report	Nil
GG	Public Participation	To promote effective participation of stakeholders in the affairs	GG 01	Coordinated community participation programmes	Adopted public participation policy in place	Concise documentation of public participation programmes	Conduct of public participation programmes	Number of community participation programmes coordinated	5.1	Quarterly report on implemented programmes	R238 144.44	E/S, MS IG	4 community participation programmes coordinated by June	Achieved	Four community participation programmes were conducted, namely: Know Your Rights	None	Concise document, attendance register and close-up report	R240 000.00

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# Chapter 3

GG	Council Oversight	To strengthen the oversight functioning of the Council by 2017	GG 02	Coordinate council sitting to adhere to the legislative prescripts	Conducted 05 ordinary and 10 special council meetings 2015/16.	Rules of order	Sitting of 04 Council meetings	Number of ordinary council sittings.	5.2.2	Minutes, attendance register and resolution register	R 179 465.00	E/S	Co-ordinate 04 ordinary council sittings in adherence to legislative prescripts by 30 June 2017	Achieved	(portfolio desk) by February 2017.	None	Noted	Notices, draft minutes for the fourth quarter sitting, attendance register	R 105 760.00
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# Chapter 3

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# Chapter 3

Coordinated section 79 committee sitting to adhere to the legislative prescriptions	Terms of reference and functioning of section 79 committee	Terms of reference	Sitting of 4 section 79 committees	Number of section 79 committee meetings	5.2.4	Minutes, attendance register and				Co-ordinated meetings of section 79 committee by 30 June 2017	Accomplished	Four (04) Petitions & Public Participation Committees have been convened on the following dates: 22 September, 2 December 2016, 5 June, and 21 June 2017. and four (04) Rules, Ethics & Members' Interests Committee have been convened on following dates: 21 September, 02 December 2016, 05 June & 21 June 2017	None	Notices, draft minutes and attendance registers
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# Chapter 3

Basic Survive Delivery	Waste Management	Ensure the implementation of the Integrated Waste Management Plan (IWMP) by June 2017	BS 06	Report on implementation of IWMP programs; viz: Landfill Site operations and waste collection services	Land fill site permit, EMP and IWMP	IWMP and Land fill Site Permit	Operations of the Landfill Site	Reports on operations of the Landfill Site	1.6	Minutes, attendance register	R 1 275 000	E/S, DE DE AT	Management of Landfill Site operations in line with IWMP by June 2017	Accomplished	Four (04) standing committees have been convened on the following dates: 20-21 July 2016, 12-14 October 2016, 11 January & 21 April 2017.	None	None	Notices, draft minutes and attendance register	R 450 000
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# Chapter 3

320	houses of 70 businesses and 10 government departments receiving waste collection services	Collection of waste in house holds, business and government departments	Number of house holds, business and government departments receiving waste collection services	1,62	Reports on waste collection and disposal services			Report on waste collection services in line with IWMP by June 2017	Accomplished	Cleaning services have been conducted as per the schedule. Refuse skips were collected on weekly basis.	N/A	N/A			IWMP implementation report & Spot checks report
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# Chapter 3

Envir onm ental Man age ment and Clim ate Chan ge	To contri bute and suppo rt toward prom oting climat e chan ge and prom ote sustai nable devel opme nt by June 2017	BS 08	To prom ote enviro nmen tal mana geme nt and climat e chan ge by educ ating com muniti es	Land fill site, EMP and IWMF	Envir onm ental man age ment plan	Conduct aware ness camp aigns on climat e chan ge	Report on climat e chan ge progr ams cond ucted	1.8 .1	Quarterly reports	R 300 000 00	Develop and imple ment ation of climat e chan ge adapt ation by 30 June 2017	Not Achie ved	N/A	Climate change summit could take place due to none response by service providers to tender calling for service provider to facilitate the summit and the target will be imple mented in the first quarter of next financial year	Report on climate change adaptation strategy	Nil
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# Chapter 3

[illegible]

# Chapter 3

FINANCIAL VIABILITY	Revenue Management and enhancement	To increase own revenue and revenue base by June 2017	FV 01	Impounding of stray animals in the urban area	R107 916 revenue generated	Pounded By-law and Policy	Impounded stray animals	Reconciliation reports	4.1.8	Quarterly reconciliation reports	R 30 000.00	E/S	R130 578.36 revenue generated	Not Achieved	N/A	back street from Agriculture to Essa. Removal of weed from boxers to agriculture has been done	Pound and Cemetery generated revenue of an amount of R96 412-86, standing at 74%	Drought impact negatively, which resulted to the lack of water in town during the first and second quarter of the year and hiking of feed prices.	Annual revenue reconciliation report.	R 50 000
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# Chapter 3

Library services	Improve access to library information facilities and services by June 2017	IDO T04	Provide library programs to the Ntabankulu community by 2017	SLA between NLM & DSRA C. Ntabankulu community and Sipey modular library	Conc ept document for library programs	Conduct 04 library programs	Number of library programs conducted	2.4.1	Quarterly report on Programs conducted	R206 054.09	DSRA C	Conduct and report on 4 library programs by 30 June 2017	Achieved	4 Library programs have been conducted, including library Week, Literacy Day, Holiday Program and Youth Program	N/A	N/A	Concept documents, attendance register, and close-up report	R 299 710.21
Institutional Development	Improve law enforcement on Public Safety through the implementation of Natio	IDO T07	Implement the National Road Traffic Act, Road and Traffic By-Laws and Municipal	National Road Traffic Act, Road and Traffic By-Laws and Municipal	Integrated Law Enforcement Plan	Conduct 08 Integrated Law Enforcement Programs	Number of Integrated Public Safety programs conducted	2.7.1	Reports on integrated public safety programs	R 55 109.00	E/S	Conduct 08 integrated Public Safety Law Enforcement Programs by June 2017	Achieved	12 Integrated Law Enforcement programs have been conducted.	None	None	Invitations,	R156 578-00

[illegible]

[illegible]

[illegible]

# Chapter 3

Driving licence testing centre	To increase own revenue and revenue base by June 2017	FV 01	To ensure implementation of regulatory framework for effective management of revenue generated at the traffic section by 2017.	R1 043 085.00 Revenue generated at the DLTC	DLTC Statutory	Bookings and examination	Increase revenue generation report	Quarterly reports on revenue generated at DLTC				Increase revenue generation at DLTC to R1 085.00 During 2016/17 financial year total revenue collection at DLTC was R1 179 166.00 and increased by R136 081.00 (13%)	Accrued	DLTC revenue base line on the date of review was at R1043 085.00 During 2016/17 financial year total revenue collection at DLTC was R1 179 166.00 and increased by R136 081.00 (13%)	None	Annual revenue reconciliation report	
Institutional Development	Improve safety of municipal assets and personnel by June 2017	IDO T06	Improve safety of municipal assets and personnel through provision of outsourcing security by	Draft security procedure manual, SLA with outsourcing security	Security procedure manual, SLA for outsourcing security	Provision of security services	Performance report on security services	Quarterly and annual progress reports	R1,188 917.47	E/S	Coordinate and monitor the provision of security services by 30 June 2017	Accrued	Monitoring the outsourced security services has been done. An amount of R1 969 384-32 has been paid for security services rendered	None	Outsourced Security Performance Report, SLA	R2 204 608-32	



[illegible]

## Chapter 3

# CORPORATE SERVICES DIRECTORATE

# Chapter 3

## NTABANKULU LOCAL MUNICIPALITY

Supporting KPA	Priority Area	IDP Objectives	IDP Objective Number	IDP Strategies	Baseline Information on the date of review (May 2016)	Indicator			Key Number	Measurement Source	Budget Amount	Estimated Source	Annual Target	Achieved /Not Achieved	Comment for Achievement	Reason for non- achievement	Corrective Measure	POE	Expenditure
						Input	Output	Outcome											

# Chapter 3

Institutional Development	Municipal Administration	Ensure accountability of administration by adhering to legislative prescriptions & policies by June 2017.	ID 01	Improve administrative processes by acquiring EDMS, Customer Care, Fleet Management system, Mimecast and Electronic Recruitment system.	VIP, PAST, ENATIS System and Telepresence system, Network monitoring system, Leave Management, Mimecast and Electronic Recruitment and Ciba back up system are currently in place.	Budget, Concept document and Project Plan	Number of operational systems.	Quality administration	2.1	Progress reports, quarterly & annually	454 477.00	Equipment share	3 Operational systems (Mimecast-email management system, EDMS, Fleet Management system, Recruitment system and Custom Care System) by June 2017.	Not Achieved	Not applicable	All the concept documents for operationalised systems were compiled and approved but not yet procured, the adverts were also done and the commitment as scheduled. Follow up letter was also written to SCM	The municipality must prioritise the procurement of the operationalised systems were operationalised systems	Concept documents and follow up letters	NIL
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# Chapter 3

Institutional Development	Municipal Administration	Ensure an accountable administration by adhering to legislative prescripts & policies by June 2017.	Acquire reliable ICT infrastructure by upgrading ICT Network	Upgraded server room and network cabling. Installed blade servers, Wi-Fi connectivity in the main site, cabinets and network switches are installed.	Draft document for network connectivity and upgrade.	Number of connected remote sites	Functionality of the connected remote sites	2.1.2	Network Management and Monitoring Reports	Nil	Equipment available for sharing	Network connectivity improvement in municipal sites by June 2017.	Achieved	All the municipal sites were installed with network infrastructure with the funding from Alfred Nzo District Municipality. Traffic, Business, Licensing, Records and Archives	Not applicable	Not applicable	Terms of reference and letter from Alfred Nzo	550 000
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# Chapter 3

Municipal Administration	Ensure accurate accounting of telephone management and consistent reporting.	Monitoring of telephone system.	Telstra system	Telstra reports	Efficient telephone system usage	2.1.3	Record telephone management system reports.	Nil	N/A	Manage usage of telephone system by ensuring that all employees are limited to allocated telephone codes by June 2017	Not achieved	Compiled telephone reports for the whole institution is available	The system that we are using is supplied by Telstra and at times it becomes faulty and it does not show early that there is a fault of not cutting automatic ally when an employee exceeds the limit.	We have engaged SCM to get services of a service provider that is able to do an audit of the invoices and claim refund and also put in place measures to curb abuse of telephone.	consolidated telephone reports
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# Chapter 3

Municipal Administration	Ensure an accountable administration by adhering to legislative prescriptions & policies by June 2017.	Design website and update and upload information into the website.	Updated information on the website	Draft concept document for website design, Project Plan and information into the website.	Developed website and updated and uploaded information into the website.	Available	2.1.4	Quarterly and monthly functional reports	N/A	Management of Municipal website and uploading of information into the website by June 2017.	Achieved	All the relevant information submitted including compliance documents was uploaded on the website and is available for public viewing	Not applicable	Not applicable	municipal website screenshot	R 179 000.00
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# Chapter 3

Institutional Development	Municipal Administration	Ensure an accountable administration by adhering to legislative prescriptions & policies by June 2017.	Ensure customer satisfaction to all wards	Adopted Customer Care Policy and Charter, Customer care surveys conducted in all 18 wards.	Customer Care Survey Questionnaires, vehicle and Human Resource.	Number of wards to conduct surveys	Customer satisfaction	2.1.3	Monthly and quarterly surveys report.	Nil	N/A	17 wards to implement Customer Care survey by June 2017.	Achieved	In all 17 wards customer satisfaction surveys were conducted	Not applicable	Not applicable	Quarterly Surveys Reports	Nil
Institutional Development	Municipal Administration	Ensure an accountable administration by adhering to legislative prescriptions & policies by June 2017.	Provide customer care to External stakeholders	Adopted Customer Care Policy and Charter, 1 customer care works hop conducted.	Customer care complaints registered and Presidential hotline report	Percentage of issues raised by external stakeholders through complaints register attended.	External customer satisfaction	2.1.3	Monthly and quarterly Reports	Nil	N/A	All Customer complaints attended by June 2017.	Achieved	All customer complaints received were referred and attended.	Not applicable	Not applicable	Quarterly Complaints reports	Nil

# Chapter 3

Institutional Development	Municipal Administration	Ensure an accountable administration by adhering to legislative prescriptions & policies by June 2017.	Provide customer care to internal employees and councillors	Adopted customer care policy. Charter and Customer Care Complaints book	Budget and presentation	Number of workshops on customer care to internal employees and Councillors	Improved interpersonal relations	2.1.3	Quarterly reports.	Nil	N/A	2 workshops/Awariness's conducted by June 2017.	Achieved	2 workshops conducted in the third and fourth quarter	Not applicable	Not applicable	Attendance Registers and	R 7 000.00
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# Chapter 3

Institutional Development	Municipal Administration	Ensure an accountable administration by adhering to legislative prescripts & policies by June 2017.	Provide access to communication (cell phone and 3G cards) and 3G cards to municipal employees, ward committee members and councillors	Draft policy on Cell phones and 3G cards, SLA with Vodacom, inventory of phones and 3G cards	Needs analysis report and priority list	Number of employees, ward committee members and councillors to receive cell phones and 3G cards	Communication and accessibility	2.1.5	Signed distribution register and cell phone LAPTOP 3G cards Monthly & quarterly Management report	R50 000.00	Equipment share	Manage and provide Cell phones, 3G cards LAPTOPs to all Councilors, Cell phones to Ward Committees and Cell phones & 3G cards to approved employees by June 2017.	Achieved	All upgrades and all provision of 3G cards, LAPTOPs and cell phones were distributed to relevant persons	Not applicable	Not applicable	Distribution registers signed and a report	R.....
Institutional Development	CLEANING SERVICE	Ensure an accountable administration by adhering to legislative prescripts & policies by June 2017.	Provide clean safe work environment in all municipal offices	13 General Assistants and a Team leader available. Monitoring schedule is in place	Monitoring schedule, cleaning Equip ment and material.	Number of offices cleaned	Clean work environment in all municipal offices	2.1.5	Quarterly reports	R13 447.00	Equipment share	Clean working environment by June 2017.	Achieved	Cleaning and monitoring conducted daily and monitoring reports produced monthly	Not applicable	Not applicable	Monitoring reports and cleaning schedules	R 355 000.00

# Chapter 3

Instituto nd Develop ment	OHS	2017.	Ensuring equi pme nt avail able	Clean ing equi pme nt avail able	Chec k list & Muni cipal vehic le.	Numb er of inspe ctions on muni cipal sites inspe ction	Clean and Safe work environ ment.	2.1 .6	Mont hly and quart erly repor ts on inspe ctions	R 88 000. 00	Eq uit abl e Sh are	4 Safety inspe ctions on municip al sites by June 2017	Achi eved	4 OHS inspe ctions done in all NLM sites	Not appli cable	Not appli cable	4 OHS inspe ction reports	R 485 000	
Instituto nd Develop ment	WELL NESS	2017.	Ensuring acc ount able admini stration by adher ing to legis lative pres cripts & polici es by 2017.	Ensuring clean and safe work environ ment.	Ensuring well ness of empl oyees	Well ness polic y, As sist ance polic y, Be reave ment polic y.	Budg et & facilit ator.	Numb er of progr amm es cond ucted	Motivat ed & healthy employ ees.	2.1 .7	Quart erly repor ts.	N/A	Conduc t and evalu ate 2 employ ee well ness progr ams cond ucted and 2 Evalu ation repor ts for the	Achi eved	2 empl oyee well ness progr ams cond ucted and 2 Evalu ation repor ts for the	Not appli cable	Not appli cable	Evaluation report and team building proposal	Nil

# Chapter 3

Institutional Development	WELLNESS	Ensure an accountable administration by adhering to legislative prescriptions & policies by 2017.	Ensure wellness of employees	EAP policy in place	Facilitator and personnel	Number of consultations	Motivated & healthy employees.	25.8	Quarterly consultation report.	Nil	N/A	Conduct 100% consultations of referred EAP cases by June 2017	Achieved	100% of the referred employees were consulted	Not applicable	Not applicable	2016/2017 financial year consultation report	Nil
		first two quarters of the financial year produced and Team building proposal has been developed																

# Chapter 3

Institutional Development	Institutional Calendar	Ensure an accountable administration by adhering to legislative precepts & policies by 2017.	Develop and implement institutional calendar for the institution	2015/2016 Institutional calendar adopted and implemented	IDP process plan & Directorate's event plans.	Number of institutional calendars developed & implementation reports.	Proper management of Municipal calendar events.	2.1.9	Monthly and quarterly monitoring reports on institutional calendar compliance.	Nil	N/A	One institutional calendar. 11 compliance reports by June 2017	Achieved	Only institutional calendar developed and 12 compliance monitoring reports produced	Not applicable	Not applicable	Institutional Calendar compliance report	Nil
Institutional Development	Records & Archives	Ensure an accountable administration by adhering to legislative precepts & policies by 2017.	Enhance the Municipal Records Management System.	Draft policy, Procedures and File Plan are in place	Documents for works and records awareness programs	Number of works and records awareness programs conducted	Proper records management system	2.1.10	Implementation and compliance reports.	Nil	N/A	Coordinate 4 awareness workshop for records management and Archives by June 2017	Not achieved	Only 3 records workshop that have been conducted for the financial year	4 works hops could not be achieved, would be scheduled but there were poor attendance on workshops	To facilitate the works hop at mini mall per annum to ensure buy in from employees on important records man	Attendance registers and presentations	Nil

# Chapter 3

GG	Com plan ce with legisl ation	To ensur e com plan ce with Muni cipal legisl ative presc ripts, polici es, by- laws and secto r plans by June 2017	GG 05	Mana ge per formanc e of Service e Provid ers	Existin g contr acts signed with service e provi ders	Signe d SLA's, MOU's, SCM polic y and App oint ment letter s.	Perfor manc e repor ts.	Impr oved per formanc e of Service e provi ders.	5.4 .5	Quart erly Service e Provi ders	Nil	N/A	Moni tor servi ce provi ders' perfor manc e in line with the set deliv erabl es as per signed SLA withi n the direc torat e by June 2017	Achi eved	The five provi ders were assess ed their perfor manc e and four of them the perfor manc e was good as their progre ss is within their plann ed target. There is also one provid er whose perfor manc e is poor and the matter is being handl ed by the Municipi	N/a	N/a	Three monthl y Service provide rs perfor manc e report	Nil
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## Chapter 3

# ANNUAL PERFORMANCE PER DIRECTORATE

Annual Performance Report financial year 2016/2017				
Directorate	Planned Targets	Achieved Targets	Not Achieved Targets	Percentage
IPD	12	9	3	75%
Strategic	32	28	4	88%
Community Services	24	21	4	88%
Municipal Managers	53	35	18	66%
Budget & Treasury	24	21	3	88%
Corporate Services	34	24	10	71%

# INSTITUTIONAL PERFORMANCE 2016/2017

Annual Institutional Performance 2016/2017			
Performance analysis	Planned Targets	Achieved Targets	Not Achieved Targets
Institutional performance:	179	138	41
			Percentage
			77%

# Chapter 4

## INTRODUCTION

Ntabankulu Local Municipality develops organogram in alignment with IDP and it is reviewed annually together with IDP by the Municipal Manager but approved by the Council. It has been developed in such a way that there are fewer vacancies, budgeted and prioritized positions.

Consultations with all the relevant stakeholders (Labour & Council) are key.

T4.0.1

## COMPONENT A: INTRODUCTION TO THE MUNICIPAL PERSONNEL

### 4.1 EMPLOYEE TOTALS, TURNOVER AND VACANCIES

Description	Employees				
	Year -1		Year 0		
	Employees No.	Approved Posts No.	Employees No.	Vacancies No.	Vacancies %
Water	N/a	N/a	N/a	N/a	N/a
Waste Water (Sanitation)	N/a	N/a	N/a	N/a	N/a
Electricity	2	2	2	0	0
Waste Management	22	28	22	6	21%
Housing	2	3	2	1	33.3%
Waste Water (Stormwater Drainage)	1	1	1	0	0
Roads	2	2	2	0	0%
Transport	14	13	10	3	23%
Planning	2	2	2	1	50%
Local Economic Development	6	6	6	0	0%
Community & Social Services	54	69	54	15	22%
Environmental Protection	0	0	0	0	0
					N/a

# Chapter 4

Health	N/a	N/a	N/a	N/a	
Security and Safety	3	3	3	0	0%
Sport and Recreation	N/a	N/a	N/a	N/a	N/a
Corporate Policy Offices and Other					
<b>Totals</b>	-	-	-	-	-

T 4.1.1

Vacancy Rate: Year 0			
Designations	*Total Approved Posts	*Vacancies (Total time that vacancies exist using fulltime equivalents)	*Vacancies (as a proportion of total posts in each category)
	No.	No.	%
Municipal Manager	1	0	0
CFO	1	0.66	100%
Other S57 Managers (excluding Finance Posts)	4	0.9	25%
Other S57 Managers (Finance posts)	0	0	0
Police officers	13	0.9	7.69%
Fire fighters	0	0	0
Senior management: Levels 13-15 (excluding Finance Posts)	12	0	0
Senior management: Levels 13-15 (Finance posts)	6	0.9	17%
Highly skilled supervision: levels 9-12 (excluding Finance posts)	28	0	0
Highly skilled supervision: levels 9-12 (Finance posts)	7	0	0
<b>Total</b>	<b>71</b>	<b>3.36</b>	<b>5.63%</b>

Note: \*For posts which are established and funded in the approved budget or adjustments budget (where changes in employee provision have been made). Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days.

1x CFO = 164 days/250 = 0.66  
1 x Director = 225 days/250 = 0.9  
1 x Manager = 225days/250 = 0.9  
1 x Officer = 225days/250 = 0.9

T 4.1.2

# Chapter 4

Details	Turn-over Rate		
	Total Appointments as of beginning of Financial Year	Terminations during the Financial Year	Turn-over Rate*
	No.	No.	
Year -2	N/A	N/A	
Year -1	15	8	5%
Year 0	8	10	6.31%
* Divide the number of employees who have left the organisation within a year, by total number of employees who occupied posts at the beginning of the year			T 4.1.3

## COMMENT ON VACANCIES AND TURNOVER:

Vacancy rate of 2013/14 was at **46%**. Three section 57 positions were vacant (Municipal Manager, Community Services Director, Strategic and Development Planning Director.) In 2014/15 the vacancy rate is at **22% %** with all strategic positions filled.

Vacancy rate at 2016/2017 was **9.28%**.

Turnover is caused by 4 resignations, 1 retirements, 1 contract expired and 1 deceased employee.

T4.1.4

# Chapter 4

## COMPONENT B: MANAGING THE MUNICIPAL WORKFORCE

### INTRODUCTION TO MUNICIPAL WORKFORCE MANAGEMENT

Note: MSA 2000 S67 requires municipalities to develop and adopt appropriate systems and procedures to ensure fair; efficient; effective; and transparent personnel administration in accordance with the Employment Equity Act 1998.

The Human Resource manual, Human Resource Plan, Employment Equity, Exit Management, Human Resource & Development, performance Management & Development, Recruitment, Selection and appointments, skills development, Attraction & retention & affirmative action have been reviewed and enforced. Employees have been work shopped about these policies. Delegation policy has been reviewed and is still awaiting adoption.

T4.2.0

# Chapter 4

4.2 POLICIES

HR Policies and Plans			
Name of Policy	Completed %	Reviewed %	Date adopted by council or comment on failure to adopt
1 Affirmative Action	Yes	Yes	29-May-16
2 Attraction and Retention	Yes	Yes	29-May-16
3 Code of Conduct for employees			We use SALGBC signed agreement. (we use schedule 2 of Municipal systems Act no 32 of 200)
4 Delegations, Authorisation & Responsibility	Yes	Yes	29 May 2016
5 Disciplinary Code and Procedures			We use schedule 8 of labour relations and we have our own policy that has been adopted by the Council
6 Essential Services	Yes	Yes	29-May-16
7 Employee Assistance / Wellness	Yes	No	22-Feb-2015
8 Employment Equity	Yes	Yes	May 2016
9 Exit Management	Yes	Yes	Exit interviews are conducted.
10 Grievance Procedures	Yes	Yes	We use SALGBC signed agreement.
11 HIV/Aids	Yes	No	29-May-16
12 Human Resource and Development	Yes	Yes	29-May-16
13 Information Technology	Yes	No	29-May-16
14 Job Evaluation	Yes	No	29-May-2016
15 Leave	Yes	Yes	29-May-16
16 Occupational Health and Safety	Yes	Yes	29-May-16
17 Official Housing	Yes	Yes	29-May-16
18 Official Journeys	Yes	Yes	29-May-16
19 Official transport to attend Funerals	Yes	Yes	22-Feb-14
20 Official Working Hours and Overtime	Yes	Yes	27-May-15
21 Organisational Rights	Yes	N/A	We use SALGBC signed agreement.
22 Payroll Deductions	Yes	Yes	01-July-16
23 Performance Management and Development	Yes	No	29-May-16
24 Recruitment, Selection and Appointments	Yes	Yes	29-May-16
25 Remuneration Scales and Allowances	Yes	Yes	29-May-16
26 Resettlement	N/a	N/a	N/a
27 Sexual Harassment	Yes	Yes	29-May-16
28 Skills Development	Yes	Yes	29-May-16
29 Smoking	Yes	Yes	29-May-16
30 Special Skills	N/a	N/a	N/a
31 Work Organisation	N/a	N/a	N/a
32 Uniforms and Protective Clothing	Yes	Yes	29-May-16
33 Customer Care Policy	Yes	Yes	29-May-16

# Chapter 4

T 4.2.1

## COMMENT ON WORKFORCE POLICY DEVELOPMENT:

The policies are developed and reviewed yearly as and when there is a need. 2016/2017 Policies have been reviewed in conjunction with the IDP and Budget & PMS processes, adopted by Council on the 30 May 2016.

T 4.2.1.1

## 4.3 INJURIES, SICKNESS AND SUSPENSIONS

Number and Cost of Injuries on Duty					
Type of Injury	Injury Leave Taken	Employees using Injury leave	Proportion employees using sick leave %	Average injury leave per employee Days	Total Estimated Cost R'000
Required basic medical attention only - None	0	0	0%	0	0
Temporary total disablement-None	0	0	0%	0	0
Permanent disablement- None	0	0	0%	0	0
Fatal-None	0	0	0%	0	0
Total Not applicable	0	0			
T 4.3.1					

Number of days and Cost of Sick Leave (excluding Injuries on duty)						
Salary band	Total sick leave	Proportion of sick leave without medical certification %	No. employees using sick leave	Total employees in post	Average sick leave per employee Days	Estimated cost R'000
Lower skilled (Levels 1-2)	180	0	90	44	4.90	
Skilled (Levels 3-5)	110	0	43	58	1.89	
Highly skilled production (levels 6-8)						



# Chapter 4

Highly skilled supervision (levels 9-12)	53	0	29	34	1.56	
Senior management (levels 13-15)	32	0	19	17	1.88	
MM and SS7	12	0	3	4	3	
Total	514	0	203	152	13.23	0

\* - Number of employees in post at the beginning of the year  
 \* Average is calculated by taking sick leave in column 2 divided by total employees in column 5

14.3.2

COMMENT ON INJURY AND SICK LEAVE:	No injuries reported, 50% of sick leaves.
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14.3.4

Position	Nature of Alleged Misconduct	Date of Suspension	Details of Disciplinary Action Taken or Status of Case and Reasons why not finalised	Date Finalised
Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable

14.3.5

Position	Nature of Alleged Misconduct and Rand value of any loss to the municipality	Disciplinary Action Taken on Cases of Financial Misconduct	Date Finalised
NA	NA	NA	NA

14.3.6



# Chapter 4

COMMENT ON SUSPENSIONS AND CASES OF FINANCIAL MISCONDUCT:

14.3.7

4.4 PERFORMANCE REWARDS

Performance Rewards by Gender					
Designations	Gender	Total number of employees in group	Number of beneficiaries	Expenditure on rewards Year 1 R'000	Proportion of beneficiaries within group %
Lower skilled	Female	18	0	0	0%
	Male	29	0	0	0%
Skilled	Female	23	0	0	0%
	Male	21	0	0	0%
Highly skilled production	Female	30	0	0	0%
	Male	26	0	0	0%
Highly skilled supervision	Female	2	0	0	0%
	Male	2	0	0	0%
Senior management	Female	11	0	0	0%
	Male	7	0	0	0%
MM and SS7	Female	3	0	0	0%
	Male	2	0	0	0%
Total					
Has the statutory municipal calculator been used as part of the evaluation process?					
					Yes

Performance evaluations were conducted for the annual performance 2014/2015 and Section 54A, Section 57 and one Manager directly reporting to the Municipal Managers were paid their performance bonuses as per the adopted performance management system policy. Performance evaluations for the financial year 2015/2016 were conducted to Section 54A, 57 Managers, Managers and Officer. For the financial year 2015/2016 Municipal Manager, 2 X Directors reporting to Municipal Managers and 3x Managers employed on contract qualified for performance bonuses. 4 full time managers qualified for Mayors merit award/non-financial reward. The Municipality is still finalising Officers performance.

14.4.1

## 14.5.0

Note: MSA 2000 568 (1) requires municipalities to develop their human resource capacity to a level that enables them to perform their functions and exercise their powers in an economical, effective, efficient and accountable way.

The Municipality believes that its employees and Councilors from the cornerstone of service delivery to the communities within the Municipality. It is governed by a policy of giving priority to the training and development of its Councilors, within parameters of what is feasible and sensible in the context of the municipality's resources development requirements.

It will identify and assess the training needs and potential, improve their performance within the Municipality. The Municipality is committed to the structured and systematic training and development of its Councilors on an ongoing basis to enable them to perform their duties effectively and efficiently. This plan aims at providing training and development programmes to enable Councilors to acquire the skills, knowledge and other attributes and develop their potential to meet the municipality's and individual needs.

### INTRODUCTION TO WORKFORCE CAPACITY DEVELOPMENT

## COMPONENT C: CAPACITATING THE MUNICIPAL WORKFORCE

## 14.4.1.1

The Municipality has adopted the Performance Management System Policy for 2016/2017 financial year. The Performance Management has been implemented to Senior Managers/Section 54 & 56/57 Managers, Managers reporting to Senior Managers and Officers for the financial year 2016/2017.

Performance evaluations were conducted for the annual performance 2014/2015 and Section 54, Section 57 and one Manager directly reporting to the Municipal Managers were paid their performance bonuses as per the adopted performance management system policy. Performance evaluations for the financial year 2015/2016 were conducted to Section 54A, 57 Managers, Managers and Officer. For the financial year 2015/2016 Municipal Manager, 2 X Directors reporting to Municipal Managers and 3x Managers employed on contract qualified for performance bonuses. 4 full time managers qualified for Mayors merit award/non-financial reward. The Municipality is still finalising Officers performance.

### COMMENT ON PERFORMANCE REWARDS:

# Chapter 4

## 4.5 SKILLS DEVELOPMENT AND TRAINING

Skills Matrix															
Management level	Gender	Employees in posts as at 30 June Year 0	Number of skilled employees required and actual as at 30 June Year 0												
			Learnerships			Skills programmes & other short courses			Other forms of training			Total			
			No.	Actual: End of Year - 1	Actual: End of Year 0	Year 0 Target	Actual: End of Year - 1	Actual: End of Year 0	Year 0 Target	Actual: End of Year - 1	Actual: End of Year 0	Year 0 Target	Actual: End of Year - 1	Actual: End of Year 0	Year 0 Target
MM and S57	Female	2	0	0	0	0	0	0	0	0	0	0	0	0	0
	Male	2	0	0	0	0	0	0	0	0	0	0	0	0	0
Councillors, senior officials and managers	Female	18	18	18	18	0	0	0	0	0	0	0	18	18	18
	Male	16	16	16	16	0	0	0	0	0	0	0	16	16	16
Technicians and associate professionals*	Female	29	11	1	2	6	7	13	0	0	0	0	17	16	33
	Male	16	6	1	1	0	4	8	0	0	0	0	6	13	19
Professionals	Female	27	0	0	0	6	13	12	0	0	0	0	6	13	12
	Male	30	0	0	0	10	2	10	0	0	0	0	10	2	10

# Chapter 4

Sub total	Female	76	29	19	20	12	20	25	0	0	0	31	47	63
	Male	64	22	17	17	10	6	18	0	0	0	32	31	45
Total														
Elementary staff not included because there is no column allocated.														T 45.1

# Chapter 4

Skills Development Expenditure											
Management level	Gender	Employee as at the beginning of the financial year	Original Budget and Actual Expenditure on skills development Year 1								
			Learner ships		Skills programmes & other short courses		Other forms of training		Total		
		No.	Original Budget	Actual	Original Budget	Actual	Original Budget	Actual	Original Budget	Actual	
MM and S57	Female	2	R 700 000	0	R 700 000	0	R 700 000	0	R 700 000	0	
	Male	2	R 700 000	0	R 700 000	0	R 700 000	0	R 700 000	0	
Legislators, senior officials and managers	Female	27	R 700 000	R 52 000 & LGSETA funding	R 700 000	R 19 334,75	R 700 000	0	R 700 000		
	Male	20	R 700 000	R 52 000 & LGSETA funding	R 700 000	R 10 985	R 700 000	0	R 700 000	R 700 000	
Professional s	Female	22	R 700 000	0	R 700 000	R 27 679,50	R 700 000		R 700 000	R 700 000	
	Male	7	R 700 000	0	R 700 000	R 7 182	R 700 000		R 700 000	R 700 000	
Technicians and associate professionals	Female	3	R 700 000	0	R 700 000	0	R 700 000		R 700 000	R 700 000	
	Male	10	R 700 000	0	R 700 000	R 9501,8	R 700 000	0	R 700 000	0	
Clerks	Female	31	R 700 000	0	R 700 000	R 145 026	R 700 000	0	R 700 000	0	

**COMMENT ON SKILLS DEVELOPMENT AND RELATED EXPENDITURE AND ON THE FINANCIAL COMPETENCY REGULATIONS:**

In the year 2016/2017 the budget allocation was R 700 000 and the total expenditure is R 250 000, some of the funds were taken to fund other projects of the Municipality e.g. accommodation for Traffic officer students enrolled with Nelson Mandela Metro University. The training interventions done are as follows:

- > Report writing by Sage VIP for Personnel Officer, HR Manager & Payroll Intern.
- > Excel on steroids by Sage VIP for Personnel Administrator, Payroll Officer & HR Manager.
- > ODBC by Sage VIP for Personnel Officer, Payroll Officer & Personnel Officer.
- > Report writing & minute taking for 3 Council Support Administrators & Municipal Manager's office Admin.
- > Contract Management for Supply Chain Manager by the University Of Pretoria
- > Payroll Reconciliation for Payroll Intern by Sage VIP.
- > Labour Relations Management for HR generalist by Insimbi Training.
- > Project Management for ISD officer, Projects Co-ordinator, Project Accountant & SOM by Elangeni Consulting.

14.5.3										
These numbers include interns and section 57 managers.										
Total										
%										
*										
Service and sales workers	Male	16	R 700 000	0	R 700 000	0	R 700 000	0	R 700 000	0
	Female	0	R 700 000	0	R 700 000	0	R 700 000	0	R 700 000	0
Plant and machine operators and assemblers	Male	0	R 700 000	0	R 700 000	0	R 700 000	0	R 700 000	0
	Female	0	R 700 000	0	R 700 000	0	R 700 000	0	R 700 000	0
Elementary occupations	Male	11	R 700 000	0	R 700 000	0	R 700 000	0	R 700 000	0
	Female	16	R 700 000	0	R 700 000	0	R 700 000	0	R 700 000	0
Sub total	Male	27	R 700 000	0	R 700 000	0	R 700 000	0	R 700 000	0
	Female	101	R 700 000	0	R 700 000	0	R 700 000	0	R 700 000	0
Total	Male	93	R 700 000	0	R 700 000	0	R 700 000	0	R 700 000	0
	Female	101	R 700 000	0	R 700 000	0	R 700 000	0	R 700 000	0

# Chapter 4

- > Skills Development Facilitator by Primserve HR Solutions for Training Administrator.
- > Hazard Identification Risk Assessment for Electrical Artisan Aide by Health & Safety Legal Audit Consultants.
- > Monitoring & Evaluation for IDP, PMS & IGR Manager by LeMark Training & Development
- > Municipal Finance Management for All Councilors funded by the LGSETA
- > CPMD for HR Manager & IDP Manager by Wits Business School
- > Stores Management for 6 Municipal officials.

5.4

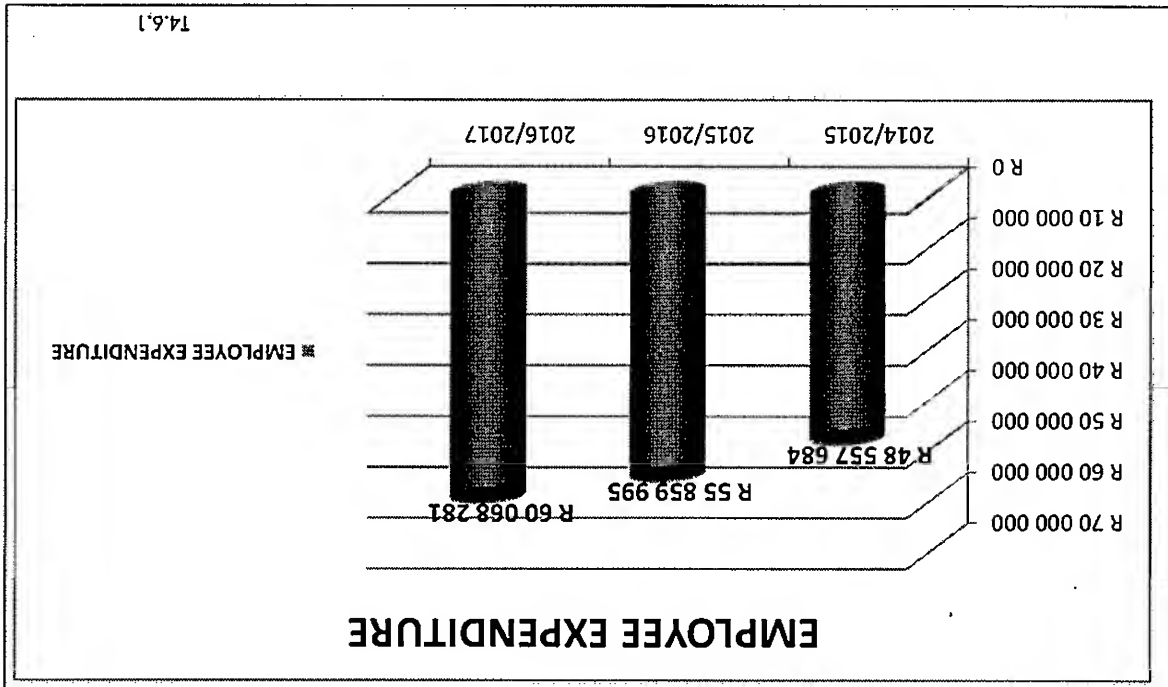
## COMPONENT D: MANAGING THE WORKFORCE EXPENDITURE

### INTRODUCTION TO WORKFORCE EXPENDITURE

The wage increase on personnel is based on percentage increase as determined by the bargaining Council, CPI as per the Budget circular. The salary increase for the Councilors is determined by the gazette. The percentage increase for both staff and contracted employees was 6% respectively; furthermore the 2.5% was added to the personnel that they have not yet reached the ceiling. The Councilors have increased by 4% as indicated on the gazette.

14.6.1.1

4.6 EMPLOYEE EXPENDITURE





# Chapter 4

## COMMENT ON WORKFORCE EXPENDITURE:

The wage increase on personnel is based on percentage increase as determined by the bargaining Council, CPI as per the Budget circular. The salary increase for the Councilors is determined by the gazette. The percentage increase for both staff and contracted employees was 6% respectively, furthermore the 2.5% was added to the personnel that they have not yet reached the ceiling. The Councilors have increased by 4% as indicated on the gazette.

14.6.1.1

Employees Whose Salary Levels Exceed The Grade Determined By Job Evaluation				
Occupation	Number of employees	Job evaluation level	Remuneration level	Reason for deviation
N/a	N/a	N/a	N/a	N/a
N/a	N/a	N/a	N/a	N/a
N/a	N/a	N/a	N/a	N/a
N/a	N/a	N/a	N/a	N/a
N/a	N/a	N/a	N/a	N/a
N/a	N/a	N/a	N/a	N/a

14.6.3

Number Of Employees Whose Salaries Were Increased Due To Their Positions Being Upgraded		
Beneficiaries		Gender
Lower skilled (Levels 1-2)		Female
		0
		0
Skilled (Levels 3-5)		Female
		0
		0
Highly skilled production (Levels 6-8)		Female
		0
		0
Highly skilled supervision (Levels 9-12)		Female
		0
		0
Senior management (Levels 13-16)		Female
		3
		2
MM and S 57		Female
		0
		0
Total		5

Those with disability are shown in brackets 'x' in the 'Number of beneficiaries' column as well as in the numbers at the right hand side of the column (as illustrated above).

14.6.2



# Chapter 4

Number Of Employees Whose Salaries Were Increased Due To Their Positions Being Upgraded			
Beneficiaries		Gender	Total
Lower skilled (Levels 1-2)	Female		0
	Male		0
Skilled (Levels 3-5)	Female		0
	Male		0
Highly skilled production (Levels 6-8)	Female		0
	Male		0
Highly skilled supervision (Levels 9-12)	Female		0
	Male		0
Senior management (Levels 13-16)	Female		0
	Male		0
MM and S 57	Female		0
	Male		0
Total			0
Those with disability are shown in brackets '(x)' in the 'Number of beneficiaries' column as well as in the numbers at the right hand side of the column (as illustrated above).			
T 4.6.2			

Employees appointed to posts not approved				
Department	Level	Date of appointment	No. appointed	Reason for appointment when no established post exist
N/a	N/a	N/a	N/a	N/a
N/a	N/a	N/a	N/a	N/a
N/a	N/a	N/a	N/a	N/a
T 4.6.4				

**DISCLOSURES OF FINANCIAL INTERESTS**

There are 34 Councillors and there are a few of them involved in the business and they have all declared their interests yearly. 6 Executive managers have declared accordingly. The Municipality has gone further by including all staff members and declarations are done annually.

14.6.6

**COMMENT ON UPGRADED POSTS AND THOSE THAT ARE AT VARIANCE WITH NORMAL PRACTICE:**

No positions upgraded during the financial year 2016/2017. The municipality is still in a process of engaging TASK GRADE System

14.6.5

# Chapter 5

## INTRODUCTION

Chapter 5 contains information regarding financial performance and highlights specific accomplishments. The chapter comprises of three components:

- Component A: Statement of Financial Performance
- Component B: Spending Against Capital Budget
- Component C: Other Financial Matters

The Municipality has a low revenue base as a result the Municipality is 96% dependent upon the government grants, that means the expenditure is mainly funded by the government grants. The Municipality considers the historical cost(prior year) when budgeting, and alignment with the IDP

### Grant spending

The Municipality has 100% spend all the grants received during the year.

During the year the Budget and Treasury Office ensures that the expenditure is budgeted for.

TS.0.1

## COMPONENT A: STATEMENTS OF FINANCIAL PERFORMANCE

**EC444 Nibankulu - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - M12 June**

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# Chapter 5

Service charges - refuse revenue	-	-	-	8	125	-	(320)	-72%	-
	160	445	445			445			445
Service charges - other	-	-	-			-	-		-
Rental of facilities and equipment	881	1,095	1,395	4	1,038	1,395	(357)	-26%	1,395
Interest earned - external investments	1,559	2,300	2,300	91	2,027	2,300	(273)	-12%	2,300
Interest earned - outstanding debtors	-	150	150	0	39	150	(111)	-74%	150
Dividends received	-	-	-			-	-		-
Fines	433	2,800	2,300	106	1,180	2,300	(1,120)	-49%	2,300
Licences and permits	274	-	-			-	-		-
Agency services	-	-	-			-	-		-

# Chapter 5

Transfers recognised - operational	67,715	97,401	98,869	-	96,823	98,869	(2,046)	-2%	98,869
Other revenue	657	21,976	21,626	2,036	15,988	21,626	(5,638)	-26%	21,626
Gains on disposal of PPE						-	-		-
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>73,913</b>	<b>132,666</b>	<b>133,585</b>	<b>2,277</b>	<b>121,593</b>	<b>133,585</b>	<b>(11,992)</b>	<b>-9%</b>	<b>133,585</b>
<b><u>Expenditure By Type</u></b>									
Employee related costs	28,442	49,678	49,678	3,856	48,234	49,678	(1,444)	-3%	49,678
Remuneration of councillors	8,114	10,690	10,690	1,067	9,741	10,690	(949)	-9%	10,690
Debt impairment	4,757	2,046	1,746		-	1,746	(1,746)	-100%	1,746
Depreciation & asset impairment	6,091	5,698	3,498	-	3,866	3,498	368	11%	3,498

# Chapter 5

Finance charges	97	10	80	14	41	80	(39)	-49%	80
Bulk purchases	-	-	-			-	-		-
Other materials	2,083	3,800	3,850	737	2,466	3,850	(1,384)	-36%	3,850
Contracted services	-	-	-			-	-		-
Transfers and grants	-	-	-			-	-		-
Other expenditure	29,469	48,562	52,850	6,580	51,181	52,850	(1,669)	-3%	52,850
Loss on disposal of PPE	538					-	-		-
Total Expenditure	79,590	120,484	122,393	12,254	115,530	122,393	(6,863)	-6%	122,393
Surplus/(Deficit)	(5,677)	12,182	11,192	(9,977)	6,063	11,192	(5,129)	(0)	11,192

# Chapter 5

Transfers recognised - capital	34,201	95,960	108,960	7,770	101,691	108,960	(7,269)	(0)	108,960
Contributions recognised - capital		(108,142)	(120,152)	(7,770)	(101,691)	(120,152)	18,461	(0)	(120,152)
Contributed assets							-		
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>28,524</b>	<b>(0)</b>	<b>(0)</b>	<b>(9,977)</b>	<b>6,063</b>	<b>(0)</b>			<b>(0)</b>
Taxation							-		
<b>Surplus/(Deficit) after taxation</b>	<b>28,524</b>	<b>(0)</b>	<b>(0)</b>	<b>(9,977)</b>	<b>6,063</b>	<b>(0)</b>			<b>(0)</b>
Attributable to minorities									
<b>Surplus/(Deficit) attributable to municipality</b>	<b>28,524</b>	<b>(0)</b>	<b>(0)</b>	<b>(9,977)</b>	<b>6,063</b>	<b>(0)</b>			<b>(0)</b>
Share of surplus/ (deficit) of associate									
<b>Surplus/ (Deficit) for the year</b>	<b>28,524</b>	<b>(0)</b>	<b>(0)</b>	<b>(9,977)</b>	<b>6,063</b>	<b>(0)</b>			<b>(0)</b>



# Chapter 5

## COMMENT ON FINANCIAL PERFORMANCE:

All the grants were received as per DORA and the budget, and also the correction rate on own revenue was at 85%, however there was under collection refuse and rentals, being caused by the ratepayers not willing to pay their debts, a policy for the writing off and the several engagement were done. On rentals, there are two government departments renting the Municipal properties, one of them is on arrears and the other on three months arrears, but has promised to pay. The under spending on Councillors remuneration was experienced, this was due to over budgeting, but the savings will fund overspending items.

15.1.3

## COMMENT ON OPERATING TRANSFERS AND GRANTS:

Note: All grants were received, though some grants were not received during the current financial year. Those grants that were not received during the financial year were received at the end of 2015/2016 financial year, and had to be budgeted for to be able to balance the budget. The grants were fully spent at year end.

15.2.2

## COMMENT ON CONDITIONAL GRANTS AND GRANT RECEIVED FROM OTHER SOURCES:

Note: All grants were received as budgeted, though other budgeted grants were received on the previous financial period. Some grants were not fully spent at year end, with below 1% variance.

15.2.4

## 5.3 ASSET MANAGEMENT

### INTRODUCTION TO ASSET MANAGEMENT

The division is responsible for the development and implementation of asset management strategy, policy and procedures. It is also responsible for managing the development updating and maintenance of asset register, operating and finance lease as well as maintenance of municipal assets and fleet in order to provide a high quality of service to the community while ensuring that municipal assets are maintained to allow optimal utilization while minimizing costs.

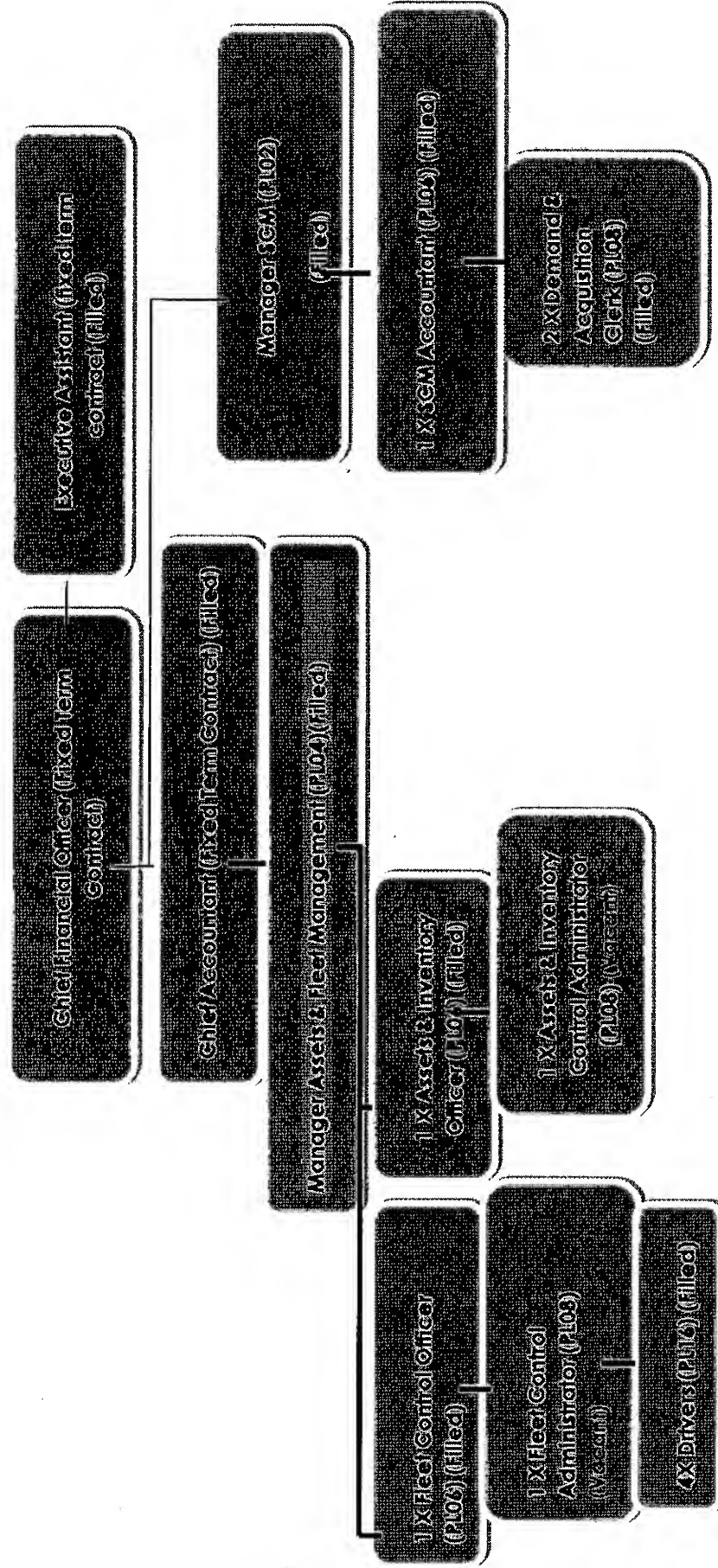
The registration and Inventory Management, management of the utilization and lease of municipal assets is also managed in this section. The Disposal of Municipal Assets and budgeting for and oversight over the use of municipal assets and the responsibilities of this section

The structure below indicates the number of filled and vacant posts within the asset management unit. Due to challenges and the findings raised by Auditor General the Municipality has prioritized and appointed the Asset Manager. Further the budget for the re valuation of municipal assets was set aside to address the qualification by AG. The Municipal assets are insured with Indwe Risk Services.

# Chapter 5

T5.3.1

## Supply Chain Management, Assets & Fleet Management



# Chapter 5

TREATMENT OF THE THREE LARGEST ASSETS ACQUIRED YEAR 0								
Asset 1								
Name	Surfaced Road							
Description	Ntbankulu Internal Streets							
Asset Type	Road							
Key Staff Involved	PMU							
Staff Responsibilities								
Asset Value	Year -3	Year -2	Year -1	Year 0	R22 000 000			
Capital Implications	Improved accessibility							
Future Purpose of Asset	Attract investors so as to improve Ntbankulu economy							
Describe Key Issues								
Policies in Place to Manage Asset	Yes, Ntbankulu Maintenance plan							
Asset 2								
Name	Community facility							
Description	Multi-Purpose Community Centre							
Asset Type	Community facility							
Key Staff Involved	PMU							
Staff Responsibilities								
Asset Value	Year -3	Year -2	Year -1	Year 0	R6 000 000			
Capital Implications	Community access to social infrastructure							
Future Purpose of Asset	Improve revenue collection							
Describe Key Issues								
Policies in Place to Manage Asset	Yes, Community facilities Maintenance Policy							
Asset 3								
Name	Community Facility							
Description	Ntbankulu Sport Field							
Asset Type	Community Facility							

# Chapter 5

Key Staff Involved					
Staff Responsibilities					
Asset Value	Year -3	Year -2	Year -1	Year 0	R9 000 000
Capital Implications	Community access to social infrastructure				
Future Purpose of Asset	Improve the standard of sport facility				
Describe Key Issues					
Policies in Place to Manage Asset	Yes, Community facilities Maintenance Policy				

T5.3.4 Repair and Maintenance Expenditure: Year 0

R'000	Original Budget	Adjusted Budget	Actual	Budget Variance
Repairs and Maintenance Expenditure	3 800 000.00	2 616 037	2 616 037	
				T 5.3.4

## COMMENT ON REPAIR AND MAINTENANCE EXPENDITURE:

The norm and standards is 20% of the total capital budget, however due to financial constraints and the fact that the Municipality is still addressing the infrastructure backlog we are still behind the requirements of the norms. The spending is at 100%.

T5.3.4.1

[illegible]

# Chapter 3

	Ensure the Municipal Records Management System is properly maintained and that all records are properly filed and indexed.	Enhance the Municipal Records Management System.	File Plan, procedure manual.	Coordinate filing of information to the file plan.	List of capture information according to their main series that are in the file plan.	Proper records management system	2.1.10	Monthly and quarterly capturing reports	N/A	Captured information	Achieved	Monitoring and proper capturing of information conducted	Not applicable	Not applicable	Filing registers and reports	N/A
	Ensure the Municipal Records Management System is properly maintained and that all records are properly filed and indexed.	Enhance the Municipal Records Management System.	File Plan, procedure manual.	Monitor filing of information according to the national archives act.	Submission of files to Records and Archives	Proper records management system	2.1.10	Monthly and quarterly filing reports	N/A	Filing of information	Achieved	Monitoring and proper filing of municipal information	Not applicable	Not applicable	Filing registers and reports	N/A

# Chapter 3

Institutional Development	HRM & D	Ensure recruitment, development and management of municipal employees by 2017.	ID OT 02	Review and implement Organizational structure.	2015/2016 Organizational structure approved. 164 filled positions.	IDP, Budget.	Number of reviewed positions	Adopted Organizational structure and filled vacancies	2.1.11	Council Resolutions prioritization list and employment contract acts.	Nil	N/A	100% Prioritized vacancies filled	Not Achieved	Structure reviewed, approved and signed.	Not applicable	Not applicable	Copy of organogram	Nil
Institutional Development			ID OT 02	Review and implement Organizational structure.	2015/2016 Organizational structure approved. 164 filled positions.	Recruitment policy, Organizational structure approved. 164 filled positions.	Percentage of prioritized vacancies filled	Effective and Efficient workforce	2.1.12	Prioritized Recruitment and employment report	Nil	N/A	100% Prioritized vacancies filled	Not Achieved	Not applicable	Out of 4 positions that have been prioritized only two have been filled (SPU Office and Risk Compliance Officer)	Revenue Manager has been re-advised and the Shortlisting was done	Shortlisting Report	Nil

# Chapter 3

Institutional Development				ID 02	Capacitate and develop human capital by implementing WSP and PDPs	WSP for 2015-2016 was approved and submitted to LGSE TA. Training reports submitted to relevant institutions and approved. Partnership between Ntabankul LM and WSU is in process, COG TA/GIZ partnership	Training needs analysis	Number of WSPs to be developed.	Effective and efficient workforce.	2.2.13	WSP 2017/18	Nil	N/A	Develop & submit 2016/2017 WSP and ATR to LGSETA by June 2017	Achieved	The WSP was developed and submitted to the LGSE TA.	Not applicable	Not applicable	WSP	Nil
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# Chapter 3

Institulo nal Develop ment				Capa cite and devel op huma n capit al	WSP for 2015/ 2016 deve lope & subm itted to LGSE TA.	Budg et & WSP.	Perce ntage of trainin g interv entio ns.	Capaci tated and develo ped human capital	2.2 .14	Traini ng repor t.	613 338. 42	Eq uit e share	100 % trained employe es, council ors and unempl oyed youth as per WSP by June 2017	Not Achi eved	Proje ct Man age ment , Minu tes taken g & repor t writin g. Cont ract Man age ment , Logis tics & store s Man age ment , OHS- haza rd Ident ificati on and risk asses smen t, Labo ur relati ons, Muni cipal Finan	Some traini ngs were postp oned , canc elled & other empl oyee s could not atten d due com mitm ents.	To resch edule some traini ngs.	Training report.	???
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[illegible]

# Chapter 3

Institutional Development	HRD				Capacitate and develop human capital	WSP for 2015-2016 was approved and submitted to LGSETA.	WSP 2016/17	Number of reports on WSP implementation.	Capacity and developed human capital	2.2.15	Report	Nil	N/A	1 report on WSP implementation to ANDM by June 2017	Achieved	Report to the Alfred Nzo District Municipality was developed and submitted to Alfred Nzo	Not applicable	Not applicable	Not applicable	Nil	
Institutional Development	HRD				Capacitate and develop human capital	Training & Employment Equity Committee exist and active	Instructional calendar & Municipal personnel.	Number of Training Committee meetings.	Transparency on training matters	2.2.16	Training report.	Nil	N/A	4 training committee sittings in the year 2016/2017.	Achieved	4 Training Committee meetings in the financial year	Not applicable	Not applicable	Not applicable	Attendance registers.	Nil

# Chapter 3

Institutional Development	HRD				Capacitate and develop human capital	No trainees that are currently in place	Experiential training requests	Number of requests.	Exposure to working environment.	2.2.17	Work integrated learning report.	N/A	Experiential training to unemployed youth as and when required by June 2017	Achieved	11 learners who were doing learning ship with AND M were placed on the 10th April 2017 for practical learning for the duration of 8 months in various departments (Corporate Services, Community servi	Not applicable	Not applicable	Attendance registers and Log books.	R 564 000
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# Chapter 3

[illegible]

[illegible]

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## Municipality | CHAPTER 3 – SERVICE DELIVERY PERFORMANCE (PERFORMANCE REPORT PART I) 261

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# Chapter 3

Human Resource Development and Management	LEAV E MAN AGE MENT			Co-ordin ate the leave mana gement	VIP syste m and leave applicatio n self-syste m	Leav e polic y, regul ations	Numb e of leave report s.	Credibl e VIP leaves report, Electo nic Clockin g report and adhere nce to policies and proced ures.	2.2 .21	quart erly leave recon ciliati on reports	Nil	N/A	4 leaves reconcili ation reports by June 2017	Not achi eved	not appli cabl e	The electr onic leave syste m was faully in the first half of the year and only got repair ed in Decem ber	The exerc ise we have enga ged in is to do the backlog and recon cile manu al and electr onic as well as to force VIP to refund the munit cipality for the non-functi oning self-service leave syste m.	VIP Report	Nil

# Chapter 3

Institutional Development	LLF	To ensure compliance with municipal legislative prescripts, policies, bylaws and sector plans	GG 03	Coordinated the sitting of Local Labour Forum. Conduct awareness programmes on Labour related legislation and policies.	LLF in place of schedule of monthly meetings.	Institutional Calendar & LLF meeting schedule.	Number of sittings of the Local Labour Forum.	Sound governance and management.	2.2	Quarterly LLF reports	Nil	N/A	11 LLF sittings as per Institutional calendar in the year 2016/2017.	Achieved	11 LLF meetings for the financial year 2016/2017	Not applicable	Not applicable	LLF minutes	Nil	n
Institutional Development	PMS	Monitor, evaluate and measure institutional performance by June 2017	GG 04	Monitor, evaluate and measure performance	PMS system is in place and has been added to the middle management review	PMS Policy, performance evaluation and action schedules	Number of reviews for Managers & Office staffs.	Proper and effective performance management system.	5.4	performance Reports and performance agreements.	Nil	N/A	4 performance reviews for Managers & Officers by June 2017.	Not Achieved	Only 3 reviews conducted in the financial year	The fourth quarter review are scheduled to take place on the last week of July	The fourth quarter review are scheduled to take place on the last week of July	N/A	Nil	

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## Municipality | CHAPTER 3 – SERVICE DELIVERY PERFORMANCE (PERFORMANCE REPORT PART I) | 266

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# Chapter 3

GG	Com pian ce with legisl ation	To ensur e com pian ce with muni cipal legisl ative pres crip ts polici es, byla ws and sect or plans	GG 05	Mana ge perfor manc e of service provi ders	Exiti ng contr acts signe d with servi ce provi ders	Signe d LA's, MOUs SCM y and appo intme nt letters	Perfor manc e report s	Improv ed perfor mance of service provide rs	5.4 .28	Quant ity servi ce provi ders perfor manc e repor t	Nil	N/ A	Monitore d Service provider 's in line with the set delivera bles as per signed SLA's within the director ate by June 2017.	Achi eved	Exiti ng contr acts are moni tored quart erly	Not appli cable	Not appli cable	Quarterly Service provider monitoring reports	Nil

## Chapter 3

# BUDGET AND TREASURY OFFICE



# Chapter 3

## NTABANKULU LOCAL MUNICIPALITY

Support ed KPA	Prion Area	IDP Obje chives	IDP Obje ctive	IDP Strate gies	Basei line on the date of review (May/ 2016)	Indicator	Input	Outp ut	Outc ome	KP I	Meas urem	Budg et	Fun din	Annua l	Achil eved /Not Achil eved	Comm ents for achievement	Reasons for non- achievement	Correctiv e measure	POE	Expendi ture
						</														

# Chapter 3

FINANCIAL VIABILITY	Revenue Management and enhancement	To increase revenue by 50% by 2017 (FV 01)	FV 01	1. Review and implement the revenue enhancement strategy	Draft Revenue enhancement strategy	To request input from the direct reports on the review of Revenue Enhancement Strategy. Consolidation of inputs from the direct reports.	Approved Revenue Enhancement Strategy	Increased Revenue base and collection	4.1	Quarterly report on revenue collection	R 700 000	N/A	Increased revenue base by collecting 10% (1 200 000) on old debt by June 2017	Not Achieved	N/A	We have only received R503 000 on the arrears debt, however, at an amount of the year ending 2017, R2.7 million and also follow up on 14 customers owed that they promised to acknowledge their debts plus the agreement. We are also waiting for public	Follow up on public works on the billing submitted at an amount of R2.7 million and also follow up on 14 customers owed that they promised to acknowledge their debts plus the agreement. We are also waiting for public	CRJ and age analysis	Nil
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## Municipality | CHAPTER 3 – SERVICE DELIVERY PERFORMANCE (PERFORMANCE REPORT PART I) 273

Nil	Billing report and valuation roll	N/a	N/a	N/a	The customers were billed according to the valuation roll except unto areas where there issues of transfers, illegal subdivision etc.	Achieved	100% billed customers on valuation roll by June 2017	N/A	Nil	Quarterly report on customers billed	4.1	100% data base customers billed as per the valuation roll	Debtors state Billing report	Billing of customers as per the valuation roll	60% billed and updated on billing system through maintenance of an effective billing system and database	2.	Achieving 100% billing for all services through billing system	FV 01				
Nil	Cash receipt Journal	N/a	N/a	N/a		THIS TARGET HAS BEEN REPEATED	10% (R1 278 688.75) Collected on corrected debtors on 5/1/2017	N/A	Nil	Quarterly debtors aged analysis reports	4.1	Debtors aged analysis with 50% owed per the billing	Enforce debt collection procedures as per the credit control and debt collection policy	Review credit control policy	75% collected on billed properties and consument 85% own revenue from 2012 financial year	3.	Ensure 50% revenue collection through enforcing 85% own revenue from 2012 financial year	FV 01				

## Municipality | CHAPTER 3 – SERVICE DELIVERY PERFORMANCE (PERFORMANCE REPORT PART I) 274

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360 000	1. Minutes and attendance register for Supply Mentor Valuation Roll Steering Committee	N/a	N/a	N/a	The final supplementary roll version 4 has been developed and advertised for objection and there was one Customer that objected whose matter is not yet addressed. The billing has been updated by the results of the new version 4 final supply	Achieved	Developed supplementary valuation roll action on 4 by June 2017	E/S	360 000	Updated billing data base	4.1	Supplementary valuation roll version 4	Implementation of the project plan	Develop project plan for the supplementary valuation roll 4	Supplementary valuation roll version 3	4. Develop and implement supplementary valuation roll version 4	FV 01			
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## mentary roll.



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# Chapter 3

Expenditure Management	Implementation of effective, efficient processes and systems of managing municipal finances (FV 03)	Strengthen the effectiveness of expenditure control, approval and withdrawal payment of funds	Annual expenditure report	Obtain source documents internally and externally	Payment of credits within thirty days of receipt of invoice, payment of salaries on 25th day of each month and third party payments within seven working days after the end of the month	Quarterly expenditure report	4.3.1	Quarterly expenditure report	Nil	N/A	Production of quarterly expenditure report	Achieved	Three months by expenditure reports were circulated to all Directories for the period ended June 2017. Further the fourth quarter (April-June 2016) was circulated on July 2016. The provisions were authorised. By the Accounting Officer and uncoupled expenditure was	N/A	N/A	Proof of circulation to Directors	Nil
						Creditors only										2. Monthly expenditure report	

## Municipality | CHAPTER 3 – SERVICE DELIVERY PERFORMANCE (PERFORMANCE REPORT PART I) 281

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				R100 to Treas- ury and to the Coun- cil.				after the end of each quart- er by June 2017		tion is also incorp- orate d on MFMA SECTI ON 52D report.	N/a	N/a	Update d procur- ement plan 2016/20 17					
			Review w and imple- ment procure- ment plans in line with scm policy and MFMA circula- rs	2015/ Procurement plan	Obtain in Procurement plans from directors.	Consolidation of procurement plan.	Approved and implemented procurement plan	4.4. .2	Approved procurement plan and implementation report	50 000.00	E/S	Developed and implemented institutional procurement plan by June 2017	Achieved		The report on the implementation of procurement plan was prepared and the 2017/2018 procurement plan was developed.	N/a	N/a	Updated procurement plan 2016/20 17



# Chapter 3

Revised and implemented procedures in line with the policy and MFMA circulars	Updated 2015/2016 contract register	Awarded register	Developed contract register as per the award register	Updated 2016/2017 contract register	4.4.2	Updated 2016/2017 contract register	Nil	N/A	Updated and maintained contract register by June 2017	Achieved	The contract register has been updated and maintained the details of the register are attached as an annexure on the section 52d report	N/a	N/a	Updated Contract register	Nil

Review and implement procedures in line with scm policy and MFMA circulares	Updated inventory sheet	Update inventory register with the results of inventory stock count	2016/2017 updated inventory Register	4.4	Updated inventory register	Nil	N/a	Main and updated inventory register by June 2017	Achieved	The stock take for the quarter and year end was performed and the inventory register was updated by the results of the verification	N/a	N/a	Quarterly Inventory Register and stock count sheets	Nil			
Asset Management	To ensure safety and maintenance of all assets of the Municipality in an economic, efficient and effective	FV 05	Maintenance of a Group compliance asset register	Asset additions, asset physical verification	Update asset register with additions, disposals, depreciation and impairment	Grapp compliance asset register	4.5	Quarterly report	R 700 000	FMG	Updated and maintained main and GRAP P compliance asset register by June 2017	Achieved	The physical verification of the assets was performed on immovable and movable assets. The asset register has been	N/a	N/a	1 list of additions 2. Updated asset register 3. signed asset verification form	R 700 000.00

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# Chapter 3

FV 05	Efficient management of municipal fleet.	2015/2016 Fleet Management Report	Transport requirements from direct costs, trip authorisation, petrol slips and Wesbank statement	Prepared reports	Fleet management report	4.5	Quarterly report	R 450 000	E/S	Monitored and maintained mainline municipal fleet by June 2017	Achieved	The report on maintenance and monitoring of fleet was prepared and the narrative report on fleet is incorporated on section 52d report.	N/a	N/a	1. Fleet Management report	R 450 000.00
FV 06	Timeous preparation and submission of Annual Financial Statements 2014/2015	Audited Annual Financial Statement	Audit file, Trial balance	Preparation of annual financial statement	Timely submission of GRA compliant AFS	4.6	Annual Financial Statement	R 1 500 000	FM G	Development and submission of Annual Financial Statement	Achieved	The AFS process plan was developed and submitted to the Audit Committee and Provincial	N/a	N/a	1. Process plan	R 1 500 000
															2. Nine months financial statement	
Financial Reporting	To ensure compliance to MFM Act in accordance with terms of reporting by June 2017	FV 06	Timeous preparation and submission of Annual Financial Statements 2014/2015	Audited Annual Financial Statement	Timely submission of GRA compliant AFS	4.6	Annual Financial Statement	R 1 500 000	FM G	Development and submission of Annual Financial Statement	Achieved	The AFS process plan was developed and submitted to the Audit Committee and Provincial	N/a	N/a	1. Process plan 2. Nine months financial statement	R 1 500 000

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# Chapter 3

Preparation and submission of section 71 and 72 reports	Signed Section 71 report submitted to NT and PT	General ledger	Preparation of MFM A section 71, 52, 66 and 72 reports	Signed MFM A section 71, 52, 66 and 72 reports	4.6	Quarterly Section 71 reports	Nil	no	Prepared section 71 report submitted to Council	Achieved	Section 71 reports were prepared and submitted to treasury. The section 71 report to Mayor were also prepared	N/a	N/a	1. Proof of submission to NT	Nil
														2. Signed section 71 report	



# Chapter 3

Indig ent Supp ort	To identi fy and supp ort the appr oved indig ent house hold s within the muni cipal jurisci diction by June 2017	FV 07	Reve w and imple ment indige nt regist er in line with the indige nt policy	Adop ted indig ent Regis ter with 5580 bene ficiari es (3700 Paraf fin, 1725 Grid elect ricity & 155 Solar main tena nce)	Indig ent regist ratio n forms	Regist ration and scre ening of the bene ficiari es. Reve w and upda te the indig ent regist er.	Upda ted indig ent regist er	4.7 .1	Verifi ed and appr oved indig ent regist er	R 7 504 000.0 0	Eq uit abl e Sh are	Appr oved and imple ment indig ent regist er by June 2017	Not achi eved	NA	The regist ration of new indig ent appli cations done and starte d from 17 Janu ary 2017 and com plete d on 10 Febru ary 2017. The indig ent appli cants were capt ured on the syste m and are now in the proc ess of verifi	Subm ission will be done in the next Coun cil meet ing	1.Repor t on subsidiz ed benefici ary	R 3 732 000
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# Chapter 3

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# Chapter 3

EPWP	To create job opportunities through EPWP by June 2017	LED 05	Identifying EPWP programs/projects	LED Programs to create employment	EPWP programs to be implemented	Implementation of EPWP programs	Number of EPWP beneficiaries employed	5.1.4	Monthly and Quarterly reports on EPWP programs implemented	Nil	E/S	Coordinate and implement EPWP programs to create job opportunities by June 2017	Achieved	There were five FMG interns during the year however one was employed as Intern of Auditor full time, and two interns from equitable share. The other three interns are being paid by Premium	N/a	N/a	attend once register and the stipend paid	Nil

# Chapter 5

## 5.4 FINANCIAL RATIOS BASED ON KEY PERFORMANCE INDICATORS

### COMMENT ON FINANCIAL RATIOS:

The financial ratios clearly indicates that the Municipality has been financial viable. The Municipality has been able to fund both its operational and capital activities. The plan is to build reserves for capital replacement. During the year the controls on expenditure management were put in place and the spending was as per the approved budget with limited unauthorized expenditure.

15.4.9

### COMPONENT B: SPENDING AGAINST CAPITAL BUDGET

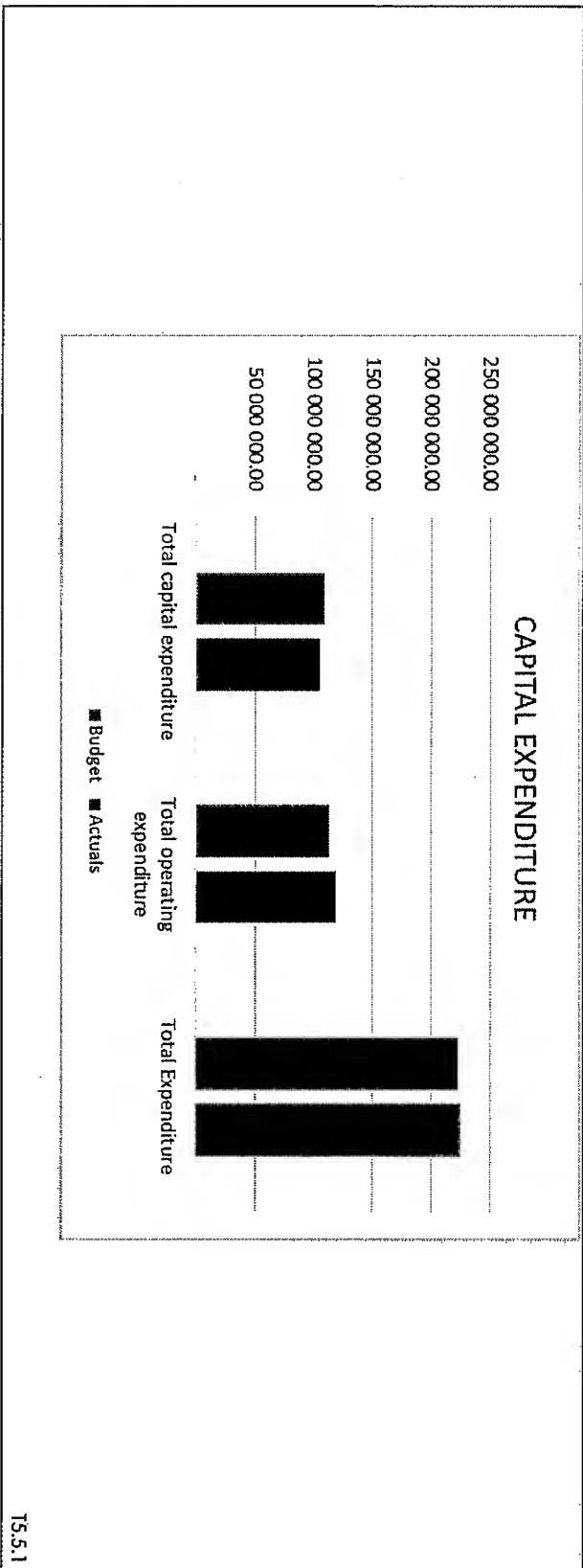
#### INTRODUCTION TO SPENDING AGAINST CAPITAL BUDGET

Capital expenditure relates mainly to construction projects that will have value lasting over many years. Capital expenditure is funded from grants by National and Provincial Treasury, together with COGHTA. The spending is at 100% for all the infrastructure grants, that is Municipal infrastructure grants, INEP and COGHTA, however the grants funded by own revenue are still on work in progress and will be completed on the following years that is 2017/2018. Component B deals with capital spending indicating where the funding comes from and whether Municipalities are able to spend the available funding as planned. In this component it is important to indicate the different sources of funding as well as how these funds are spend. Highlight the 5 largest projects (see 15.7.1) and indicate what portion of the capital budget they use. In the introduction briefly refer to these key aspects of capital expenditure (usually relating to new works and renewal projects) and to Appendices M (relating to the new works and renewal programmes), N (relating to the full programme of full capital projects, and O (relating to the alignment of projects to wards).

15.5.0

# Chapter 5

## 5.5 CAPITAL EXPENDITURE





# Chapter 5

## 5.6 SOURCES OF FINANCE

External loans	7 089 441						
Grants and subsidies	1 69 640 724.00	97 400 760	98 101 354	97 662 352			
Other	18 172 948.00	35 265 467	20 112 738	20 112 738			
	106 013 677.00	132 666 227	117 775 090	117 775 090			
Electricity	39 400 000.00	40 000 000	42 000 000	42 000 000			
Roads and storm water	26 395 001.00	35 960 000	35 960 000	35 960 000			
Provincial treasury/Internal street	26 498 073	10 000 000	18 000 000	18 000 000			
		85 960 000	95 960 000	95 960 000			

# Chapter 5

## COMMENT ON SOURCES OF FUNDING:

The above table indicates the budget on capital grants, and the Municipality has managed to prioritize the capital projects out of its internal reserves.

15.6.1.1

## 5.7 CAPITAL SPENDING ON 5 LARGEST PROJECTS

Electrification project	40 000 000	42 000 000	42 000 000		
MPCC	26,118,059.34	0	22,843,179.66	0%	26,118,059.34
Ntbankulu sport field	3,107,753.82	0	3,107,753.82	0%	3,107,753.82
Ntbankulu Internal Streets	22,000,000.00	13,163,121.33	20,248,202.13	40%	35,163,121.33
Bhoyi to Ntlangano access road	7,902,395.31	0	5,984,090.01	0%	7,902,395.31

\* Projects with the highest capital

# Chapter 5

expenditure in Year 0	
<b>Name of Project - Ntobankulu Sports field</b>	Provision of a sporting facility
Objective of Project	Provision of a sporting facility
Delays	The project progress is in line with the program and has rolled over to 2017/2018 financial year
Future Challenges	None
Anticipated citizen benefits	26 195
<b>Name of Project - Construction of Bhayi to Ntlangano Access Road</b>	Construction of a gravel access road 10 km
Objective of Project	to improve accessibility to the residential areas
Delays	Late transfer of funds from Cogta
Future Challenges	None
Anticipated citizen benefits	950
<b>Name of Project - Ntobankulu Internal Streets</b>	Resurfacing of 6km Ntobankulu main street in Ntobankulu Ward 8
Objective of Project	to improve accessibility to the residential areas
Delays	Change of scope of works
Future Challenges	None
Anticipated citizen benefits	26 195
<b>Name of Project - Multi Purpose Community Centre</b>	Construction of MPCC in Ntobankulu ward 8
Objective of Project	To improve access of the community members to social infrastructure
Delays	Approval of quotations for curtain walls and swimming pools
Future Challenges	None
Anticipated citizen benefits	26 195
<b>Name of Project - Buntshenishhe access road</b>	Construction of 6.5 km for Buntshenishhe access road in ward 10
Objective of Project	to improve accessibility to the residential areas
Delays	Late appointment of a service provider
Future Challenges	None

# Chapter 5

Anticipated citizen benefits	520
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**COMMENT ON CAPITAL PROJECTS:**

Electrification projects are funded by the Integrated National Electrification programme, and the other projects are funded by Municipal Infrastructure Grant. The projects are implemented as per approved three year capital plan and the conditions of the grants.

15.7.1.1

**5.8 BASIC SERVICE AND INFRASTRUCTURE BACKLOGS – OVERVIEW**

**INTRODUCTION TO BASIC SERVICE AND INFRASTRUCTURE BACKLOGS**

The Overview on basic service delivery is covered in Chapter 3 above

15.8.1

# Chapter 5

Details	Budget	Adjustments Budget	Actual	Variance	
				Budget	Adjustments Budget
Roads, Pavements & Bridges	35 960 274		35 960 274	35 960 274	0
Solid waste	1 000 000		1 000 000	948 340	-0.15 0.07
Total	35 960 274		35 960 274	35 908 614	0 0

## COMPONENT C: CASH FLOW MANAGEMENT AND INVESTMENTS

### 5.9 CASH FLOW

EC444 Ntbankulu - Table C7 Monthly Budget Statement - Cash Flow - M12 June

Description	Ref	2015/16	Budget Year 2016/17	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
		Audited Outcome	Original Budget							
R thousands	1									
CASH FLOW FROM OPERATING ACTIVITIES										
Receipts										
Property rates, penalties & collection charges										
Service charges										
Other revenue										
Government - operating										
Government - capital										
Interest										

[illegible]

Cash/cash equivalents at month/year end:					
-	7,745	7,745	(12,723)	7,745	7,745

The cash flows indicate that the Municipality has been financially sound for the year under consideration.

### 5.10 BORROWING AND INVESTMENTS

None

15.10.2 Actual Borrowings: Year -2 to Year 0			
R' 000			
Instrument	Year -2	Year -1	Year 0
<b>Municipality</b>			
Long-Term Loans (annuity/reducing balance)	-	-	-
Long-Term Loans (non-annuity)			
Municipality Total	-	-	-

# Chapter 5

Municipal and Utility Investments			
R 010			
Investment type	Y2017	Y2018	Y2019
	Actual	Actual	Actual
Deposits - Bank	105 878 299.00	177 027 451.00	209 061 354
Municipality sub-total	105 878 299.00	177 027 451.00	209 061 354



# Chapter 5

## 5.11 PUBLIC PRIVATE PARTNERSHIPS

### PUBLIC PRIVATE PARTNERSHIPS

During the year the Municipality did not enter into public private partnership

TS.11.1

# Chapter 5

## COMPONENT D: OTHER FINANCIAL MATTERS

### 5.12 SUPPLY CHAIN MANAGEMENT

#### SUPPLY CHAIN MANAGEMENT

The Supply Chain Policy has been reviewed and adopted by the Council on 27<sup>th</sup> of May 2016. The Supply chain unit is established and fully functional with all the Bid Committees also functional. The municipality complies with the SCM policy and with the legislations, circulars and gazette. The procurement plan has been developed for 2016/2017 and all bid documents exist.

The document management is being improved. Report on the implementation of supply chain is tabled to Council and National Treasury on quarterly basis. The data base is updated timeously on an electric supplier data base system. The Municipality have no long term contract awarded during the current financial year. The training for the Supply Chain practitioners and bid committees was carried out on August 2016. The irregular expenditure reports were investigated and written off by the Council on quarterly basis. The consequence management is also in place and implemented.

The Supply Chain Manager is currently attending the CPMD through Fort Hare University. Staff turnover, supply chain management manager, supply chain accountant, acquisition clerk, logistics clerk, one intern and one trainee.

TS.12.1

# Chapter 5

## 5.13 GRAP COMPLIANCE

### GRAP COMPLIANCE

The Municipality has prepared the Annual Financial Statements that are GRAP compliant including any interpretation, guidelines and directives issued by the Accounting Standards Board. The AFS are in compliance with the following standards:-

TS.13.1

# GLOSSARY

## COMPONENT A: AUDITOR-GENERAL OPINION OF FINANCIAL STATEMENTS YEAR 0

### 6.1 AUDITOR GENERAL REPORTS YEAR 0 (PREVIOUS YEAR)

Auditor General Report on Service Delivery Performance Year 2015/2016	
Audit Report Status	Audit report is attached
Non-Compliance Issues	Remedial Action Taken
Limits on budget exceeded	Action plan was developed and implemented and budget is first confirmed by the Manager Budget Accountant before the procurement is carried out
Monthly budget statements and the quarterly reports not placed on municipal website	Reports were placed on municipal website as from January 2015

## COMPONENT B: AUDITOR-GENERAL OPINION YEAR 1 (CURRENT YEAR)

### 6.2 AUDITOR GENERAL REPORT YEAR 1

#### AUDITOR GENERAL REPORT ON THE FINANCIAL STATEMENTS: YEAR 1

The Municipality has received qualified audit opinion with five qualifications on disclosure issues, and there were no material findings on statement of financial position and the statement of financial performance. The audit action plan was developed and implemented for the period 2015/2016 financial year. The financial statements are being prepared for submission on 31<sup>st</sup> of August 2017.

T6.2.3

# GLOSSARY

<b>Accessibility Indicators</b>	Explore whether the intended beneficiaries are able to access services or outputs.
<b>Accountability documents</b>	Documents used by executive authorities to give "full and regular" reports on the matters under their control to Parliament and provincial legislatures as prescribed by the Constitution. This includes plans, budgets, in-year and Annual Reports.
<b>Activities</b>	The processes or actions that use a range of inputs to produce the desired outputs and ultimately outcomes. In essence, activities describe "what we do".
<b>Adequacy Indicators</b>	The quantity of input or output relative to the need or demand.
<b>Annual Report</b>	A report to be prepared and submitted annually based on the regulations set out in Section 121 of the Municipal Finance Management Act. Such a report must include annual financial statements as submitted to and approved by the Auditor-General.
<b>Approved Budget</b>	The annual financial statements of a municipality as audited by the Auditor General and approved by council or a provincial or national executive.
<b>Baseline</b>	Current level of performance that a municipality aims to improve when setting performance targets. The baseline relates to the level of performance recorded in a year prior to the planning period.
<b>Basic municipal service</b>	A municipal service that is necessary to ensure an acceptable and reasonable quality of life to citizens within that particular area. If not provided it may endanger the public health and safety or the environment.
<b>Budget year</b>	The financial year for which an annual budget is to be approved – means a year ending on 30 June.
<b>Cost Indicators</b>	The overall cost or expenditure of producing a specified quantity of outputs.
<b>Distribution Indicators</b>	The distribution of capacity to deliver services.
<b>Financial Statements</b>	Includes at least a statement of financial position, statement of financial performance, cash-flow statement, notes to these statements and any other statements that may be prescribed.
<b>General Key performance Indicators</b>	After consultation with MECs for local government, the Minister may prescribe general key performance indicators that are appropriate and applicable to local government generally.
<b>Impact</b>	The results of achieving specific outcomes, such as reducing poverty and creating jobs.
<b>Inputs</b>	All the resources that contribute to the production and delivery of outputs. Inputs are "what we use to do the work". They include finances, personnel, equipment and buildings.

# GLOSSARY

<b>Integrated Development Plan (IDP)</b>	Set out municipal goals and development plans.
<b>National Key performance areas</b>	<ul style="list-style-type: none"> <li>• Service delivery &amp; infrastructure</li> <li>• Economic development</li> <li>• Municipal transformation and institutional development</li> <li>• Financial viability and management</li> <li>• Good governance and community participation</li> </ul>
<b>Outcomes</b>	The medium-term results for specific beneficiaries that are the consequence of achieving specific outputs. Outcomes should relate clearly to an institution's strategic goals and objectives set out in its plans. Outcomes are "what we wish to achieve".
<b>Outputs</b>	The final products, or goods and services produced for delivery. Outputs may be defined as "what we produce or deliver". An output is a concrete achievement (i.e. a product such as a passport, an action such as a presentation or immunization, or a service such as processing an application) that contributes to the achievement of a Key Result Area.
<b>Performance Indicator</b>	Indicators should be specified to measure performance in relation to input, activities, outputs, outcomes and impacts. An indicator is a type of information used to gauge the extent to which an output has been achieved (policy developed, presentation delivered, service rendered)
<b>Performance Information</b>	Generic term for non-financial information about municipal services and activities. Can also be used interchangeably with performance measure.
<b>Performance Standards:</b>	The minimum acceptable level of performance or the level of performance that is generally accepted. Standards are informed by legislative requirements and service-level agreements. Performance standards are mutually agreed criteria to describe how well work must be done in terms of quantity and/or quality and timeliness, to clarify the outputs and related activities of a job by describing what the required result should be. In this EPMDS performance standards are divided into indicators and the time factor.
<b>Performance Targets:</b>	The level of performance that municipalities and its employees strive to achieve. Performance Targets relate to current baselines and express a specific level of performance that a municipality aims to achieve within a given time period.
<b>Service Delivery Budget Implementation Plan</b>	Detailed plan approved by the mayor for implementing the municipality's delivery of services; including projections of the revenue collected and operational and capital expenditure by vote for each month. Service delivery targets and performance indicators must also be included.
<b>Vote:</b>	<p>One of the main segments into which a budget of a municipality is divided for appropriation of money for the different departments or functional areas of the municipality. The Vote specifies the total amount that is appropriated for the purpose of a specific department or functional area.</p> <p>Section 1 of the MFMA defines a "vote" as:</p> <p>a) one of the main segments into which a budget of a municipality is divided for the appropriation of money for the different departments or functional areas of the municipality; and</p> <p>b) which specifies the total amount that is appropriated for the purposes of the department or functional area concerned</p>

# APPENDICES

## APPENDIX A – COUNCILLORS, COMMITTEE ALLOCATION AND COUNCIL ATTENDANCE

Service Backlogs as at 30 June Year 0				
	*Service level above minimum standard		Households (HHs)	
	No. HHs	% HHs	**Service level below minimum standard	
	No. HHs	% HHs	No. HHs	% HHs
Water		%		%
Sanitation		%		%
Electricity		%		%
Waste management	26 195	75%		%
Housing		%		%

% HHs are the service above/below minimum standard as a proportion of total HHs. 'Housing' refers to \* formal and \*\* informal settlements.

T 5.8.2

Councillors, Committees Allocated and Council Attendance					
Council Members	Full Time / Part Time	Committees Allocated	*Ward and/ or Party Represented	Percentage Council Meetings Attendance	Percentage Apologies for non-attendance
	FT/PT			%	%
1.Cllr. V. Matwasa (Speaker)	Full-time	Council Chairperson	ANC	100%	0%
2.Cllr. V. Mgaduka (Mayor)	Full-time	EXCO Chairperson	ANC	89 %	11%
3.Cllr. S.W.Sopaqa(Chief Whip)	Part time	EXCO Member and chairperson of Standing Committee on Corporate Services	ANC (Ward Cllr-Ward 14)	100%	0%
4. Cllr. S. Menziwa	Part time	EXCO Member; and chairperson of Standing Committee on Infra Planning Development	ANC (Ward Cllr-Ward 07)	100%	0%
5. Cllr. N.S. Pikwa	Part time	EXCO Member and chairperson of Standing Committee on Community Services.	ANC (Ward Cllr-Ward 09)	89%	11%
6. Cllr. N. Mbonomtsha	Part time	EXCO Member and Chairperson of Standing Committee on Budget and	ANC	100%	0%



# APPENDICES

		Treasury Office			
7. Cllr. N. Ndooyisile-Fundakubi	Part-time	EXCO Member	DA	78%	22%
8. Cllr. M.P. Ndabeni		EXCO member and chairperson Standing Committee on Strategic & Planning	ANC	100%	0%
9. Cllr. N. Daniel	Part-time	Standing Committee Member Strategic & Development Planning	AIC	100%	0%
10. Cllr. N. Ncekana	Part-time	Chairperson of Petitions and Public Participation Committee	ANC	78%	22%
11. Cllr. M. Nqwazi	Part-time	Standing Committee Member Community Services and Rules, Ethics & Members' Interests Committee	ANC Ward 05	100 %	0%
12. Cllr. M. Gweqani	Part-time	Standing Committee Member Community Services	ANC	100%	0%
13. Cllr. M. Madadasa	Part-time	Standing Committee Member Strategic and Planning Development	ANC Ward 02	100%	0%
14. Cllr. V. M. Ndiebe	Part-time	Standing Committee member Community Services and Rules, Ethics and Members' Interests	ANC Ward 11	100%	0%
15. Cllr. N. Nishele	Part-time	Standing Committee Member Corporate Services and Rules, Ethics & Members' Interests	ANC Ward 03	87%	12%
16. Cllr. M.B. Mkhizwana	Part-time	Standing Committee member Corporate Services	ANC Ward 15	100%	0%
17. Cllr. B. Bethwayo	Part-time	Standing Committee Member Community Services	ANC Ward 01	100%	0%
18. Cllr. N. Sobuthongo	Part-time	Standing Committee Member Community Services	ANC	100%	0%
19. Cllr. T. Msuthu	Part-time	Standing Committee Member Infrastructure and Planning Development and Rules, Ethics & Members' Interests	ANC	100%	0%
20. Cllr. Z. Makhosonke	Part-time	Standing Committee Member Infrastructure & Planning Development and Petitions	ANC Ward 04	100%	0%



# APPENDICES

		and Public Participation			
21. Cllr. N. Njiva	Part-time	Standing Committee Member Infrastructure and Planning Development	ANC Ward 16	100%	0%
22. Cllr. Z. Mtyaphi	Part-time	Standing Committee Member Infrastructure and Planning Development	D.A	75%	25%
23. Cllr.K. Nomanzoyiya	Part-time	Standing Committee Member Strategic & Development Planning	ANC	100%	0%
24. Cllr. S. Sicwayi	Part-time	Standing Committee Member BTO and Rules, Ethics & Members' Interests	ANC Ward 13	100%	0%
25. Cllr. M. Dinwayo	Part-time	Standing Committee member BTO, Petitions & Public Participation	ANC Ward 08	100%	0%
26. Cllr. M. Mafilika	Part-Time	Petitions & Public Participation Committee Member	ANC Ward 10	100%	0%
27. Cllr T. Marhawu	Part time	Standing Committee Member Corporate Services	ANC Ward 06	100%	0%
28. Cllr N.L. Ndamase	Part-time	Standing Committee Member BTO	ANC	100%	0%
29. Cllr. M. Mdolo	Part-time	Standing Committee Member BTO	EFF	87%	13%
30. Cllr. B.Z. Ndamase	Part-Time	MPAC Chairperson	ANC Ward 12	100%	0%
31. Cllr. E.N. Diko	Part-time	MPAC	ANC	87%	13%
32. Cllr. T. Lubisi	Part-Time	MPAC	ANC	100%	0%
33. Cllr. M. Mkhandaniso	Part-Time	MPAC	ANC Ward 17	100%	0%
34. Cllr. N. Sithunzi	Part-Time	MPAC	EFF	87%	13%
TA					

## CONCERNING TA

A spreadsheet exists to compile attendance data

TA.1

# APPENDICES

## APPENDIX B – COMMITTEES AND COMMITTEE PURPOSES

Committees (other than Mayoral / Executive Committee) and Purposes of Committees	
Municipal Committees	Purpose of Committee
<b>Section 79 Committees</b>	
1. Ethics, Rules and Members Interests	To undertake review of the Rules of Order, procedures and regulations of the council committees and recommend changes to that effect to Council. To undertake a review and/or develop policies on councilor's welfare and recommend changes to the Council, by way of reporting to the Speaker of Council. To develop programmes and activities to promote ethical practice and to combat corruption
2. Public Participation and Petitions	To monitor the process of receiving, addressing and responding to complaints from the community. To consider issues that may pose political risk pertaining to public participation. To monitor the update of the petitions register
3. Municipal Public Accounts Committee	The objective of the committee is to serve as an oversight committee to exercise oversight over the executive obligations of council. To assist council to hold executive and municipal entities to account and to ensure the efficient and effective use of municipal resources. To increase council and public awareness of the financial and performance issues of the municipality and its entities including policy operation and implementation of local government.
<b>Section 80 Committees</b>	
1. Community Services Committee	The committee has the responsibility to: Support the provision of Library Services Consider Solid Waste collection and disposal Regulate Landfill site and Environmental Management programmes Assist in the maintenance and management of Public Amenities e.g. Community Halls, Cemeteries, Pound, Parks & Sport fields Assist in the enforcement of Roads Traffic-laws and Municipal Traffic by-laws Promote safeguarding of Municipal Assets and Properties Assist in the coordination of Public Participation programs and Council Support Assist in coordination and development of Community Sport, Arts and Culture
2. Infrastructure Planning and Development Committee	The committee assists the Council to promote service delivery within the municipality, Encouragement of liveable and sustainable human settlements, The Committee must recommend the provision or approval of funds for unforeseen infrastructural development services, To report to the Council about the infrastructural projects that are planned for the development of the district municipality, To ensure that the municipality delivers the quality service delivery to the communities.

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3. Strategic Development and Planning Committee	To discuss and report about the programs of the local economic development, The committee works towards broadening advancement of Black Economic Empowerment, The committee develops strategies to promote tourism within the local municipality, Establishment of poverty alleviation initiatives, Monitor progress on planning and the use of land after transfer, Revitalisation of town.
4. Budget and Treasury Office Committee	To participate on the drafting of budget and adjusted budget, To participate on the formulation of the IDP and Budget, Assist the Council in the allocation if applicable, the distribution of grants made to the municipality, Assist the Council in the refuse removal, rental, trading tariffs and pound fees or related matters including the collection of revenue thereof
Corporate Services Committee	Receive reports and evaluate progress on Human Resources issues, Consider matters related to job evaluation and grading of staff, Consider performance management of the institutions, Make recommendations on Development of Human Resource Policy Manual and on continuous review of Human Resources policies, Deal with the Implementation of new organisational structures and strategies, Consider labour relations matters and Human Resource and development,

# APPENDICES

## APPENDIX C –THIRD TIER ADMINISTRATIVE STRUCTURE

Third Tier Structure	
Directorate	Director/Manager (State title and name)
Office of the Municipal Manager	Municipal Manager: Ms. S. Mankahla
Corporate Services Directorate	Corporate Services Director: Mr. S.M. Noda
Community Services Directorate	Community Services Director: Mr. S. Maliwane
Infrastructure Planning & Development Directorate	Infrastructure Planning & Development Director: Vacant
Budget & Treasury Directorate	Acting Chief Financial Officer: Ms. N. Gixane & Ms. N. Mdutyana
Strategic & Development Planning Directorate	Strategic & Development Planning Director: Mrs. N. Ndlovu
Use as a spill-over schedule if top 3 tiers cannot be accommodated in chapter 2 (T2.2.2).	

TC

# APPENDICES

## APPENDIX D – FUNCTIONS OF MUNICIPALITY / ENTITY

Municipal / Entity Functions		
MUNICIPAL FUNCTIONS	Function Applicable to Municipality (Yes / No)*	Function Applicable to Entity (Yes / No)
<b>Constitution Schedule 4, Part B functions:</b>		
Air pollution	No	No
Building regulations	Yes	No
Child care facilities	No	No
Electricity and gas reticulation	Yes	Yes
Firefighting services	No	No
Local tourism	Yes	Yes
Municipal airports	No	No
Municipal planning	Yes	Yes
Municipal health services	No	No
Municipal public transport	No	No
Municipal public works only in respect of the needs of municipalities in the discharge of their responsibilities to administer functions specifically assigned to them under this Constitution or any other law	No	No
Pontoons, ferries, jetties, piers and harbors, excluding the regulation of international and national shipping and matters related thereto	No	No
Storm water management systems in built-up areas	Yes	Yes
Trading regulations	Yes	Yes
Water and sanitation services limited to potable water supply systems and domestic waste-water and sewage disposal systems	No	No
Beaches and amusement facilities	No	No
Billboards and the display of advertisements in public places	Yes	Yes
Cemeteries, funeral parlours and crematoria	Yes	Yes
Cleansing	Yes	Yes
Control of public nuisances	No	No
Control of undertakings that sell liquor to the public	Yes	Yes
Facilities for the accommodation, care and burial of animals	Yes	Yes

# APPENDICES

Fencing and fences	Yes	Yes
Licensing of dogs	No	No
Licensing and control of undertakings that sell food to the public	Yes	Yes
Local amenities	Yes	Yes
Local sport facilities	Yes	Yes
Markets	Yes	Yes
Municipal abattoirs	Yes	Yes
Municipal parks and recreation	Yes	Yes
Municipal roads	Yes	Yes
Noise pollution	No	No
Pounds	Yes	Yes
Public places	Yes	Yes
Refuse removal, refuse dumps and solid waste disposal	Yes	Yes
Street trading	Yes	Yes
Street lighting	Yes	Yes
Traffic and parking	Yes	Yes
* If municipality: indicate (yes or No); * If entity: Provide name of entity		
		T D

# APPENDICES

## APPENDIX E – WARD REPORTING

Functionality of Ward Committees					
Ward Name (Number)	Name of Ward Councilor and elected Ward committee members	Committee established (Yes / No)	Number of monthly Committee meetings held during the year	Number of monthly reports submitted to Speakers Office on time	Number of quarterly public ward meetings held during year
Ward 01	Cllr. B. Bethwayo <b>Ward committee Members:</b> S.J. Madwakasi N. Maxonyana N. Gqalubanzana A. James N. Mkhumbeni T. Magidela M. Mazinywentaka S. Nofaya N. Wali Z. Macingwana	Yes	24	12	3
Ward 02	Cllr M. Madadasa <b>Ward committee Members:</b> N. Ngcelu K. Nonkanti M.N. Siyoyo N. Mbhodla B.R. Xokwa N. Klaas V. J. Mthenjwa S. Zwelonke F. Mxaba T. Mtiza	Yes	24	12	3

# APPENDICES

Ward 03	<p>Cllr T. Marhauw  <b>Ward committee Members:</b>  C. Mngqinjana  B. Mkhutshwa  F. Blayi  Z. Ngidi  N. Makhaba  N. Somanga  N. Lidwi  K. Mkhovu  X. Xukula  N. Qondo</p>	Yes	24	12	3
Ward 04	<p>Cllr Z. Makhosonke  <b>Ward committee Members:</b>  N. Tshaka  N. Joyi Siyoyo  N. Nomdlobayi  T. Ntlobo  S. Malundane  S. Tshikithwa  D. Noziphiwo  M. Thsobodiyane  N.N. Sotshangane  Z. Soyoyo</p>	Yes	24	12	3
Ward 05	<p>Cllr N. Ntshela  <b>Ward committee Member:</b>  N. Tantsi</p> <p>M.E. Zitha</p> <p>N. Nqetho</p> <p>N. Nonkula</p> <p>N. Tala-tala</p> <p>A. Lawana</p> <p>T. Nogaya</p> <p>N. Mkholiswa</p> <p>S. Mapholoba</p> <p>S. A. Nogaya</p>	Yes	24	12	3



# APPENDICES

Ward 06	<b>Cllr. T. Marhauw</b> <b>Ward committee</b> <b>Members:</b> T. Makala N. Sigango M. Tshaka M. Tshaka Z. Mkhlenke A. Makufanwe N. Ntlabathi N.Z. Jojo N. Xhaphazela N.B. Ngxokolwana	Yes	24	12	3
Ward 07	<b>Cllr S. Menziwa</b> <b>Ward committee</b> <b>Members:</b> N. Zenzile N. Dlela L. Madayana S.D. Zono M. Mhlakuthi M. Ndziba N. Bayitana F. Jeme S. Ntsulelo	Yes	24	12	3
Ward 08	<b>Cllr M. Dinwayo</b> <b>Ward committee</b> <b>Members:</b> B. Mvuyo Z. Maziwane L. Mkhombe K. Nombanda K. Nosenga Z. Diko T. Funzo K. Mveku A. Zakhabana S. Jubele	Yes	24	12	3
Ward 09	<b>Cllr. N. Pikwa</b> <b>Ward committee</b> <b>Member:</b> N. Nlakana A. Tala-tala V. Tonga Y. Mgoduka N. Taphu N. Mayaphi N. Diko V. Novazi S. Nobengala M. Lutoli	Yes	24	12	4

# APPENDICES

Ward 10	<b>Cllr. M. Malika</b> <b>Ward committee</b> <b>Member:</b> U. Hlaziya K. Zweni T. Gingcana B. Sicukulo B. Soga N.M Tshutshane N.F. Chita M. Nxhonywa F.A. Mnyani L. Zikizela	Yes	24	12	3
Ward 11	<b>Cllr M. Ndlebe</b> <b>Ward committee</b> <b>Members:</b> S. E. Ntse N. M. Ngqele L. Mehlwana T. Ntamba S. Tshetsha K. S. Nkayinkayi P. P. Nose N. Maliwa A. Ndlebe P. Cetywayo	Yes	24	12	3
Ward 12	<b>Cllr B. Z. Ndamase</b> <b>Ward committees</b> C. Mdletye N. Naniso T. Fumba Z. Masangwane T. Mbulawa Z. Mongo S.D. Mshwayi N. J. Mako N. Qegwana K. Lonji	Yes	24	12	3
Ward 13	<b>Cllr S. Sicwayi</b> <b>Ward</b> <b>committeeMembers</b> <b>:</b> T. Mkhunkula B.B. Ngoni P.M Matubatuba M. Manyangaza N. Sikhundla Z. P. Rhafana K. Mdunyelwa S. Nomdlomboyi Z. P. Petheni	Yes	24	12	3

# APPENDICES

Ward 14	<b>Cllr S. Sopaqa</b> <b>Ward committee</b> <b>Members:</b> P. Mbangwa S. Zoko E. Rhodolo N. Nwelana K. Ngcobo Z. Mahlezana N. Diko T. Qubula S. Bonakele L. Ganyaza	Yes	24	12	3
Ward 15	<b>Cllr N. B. Mkhizwana</b> <b>Ward committee</b> <b>Members:</b> T. Magawana A. Mndela V. Yalezo B. Fonca M. Mbi E. Mahonga N. Ntetha M. Mcunukelwa N. R. Msutu K. Jamsi	Yes	24	12	4
Ward 16	<b>Cllr N. Njiva</b> <b>Ward committee</b> <b>Members:</b> S. Mhlanjwa N. Mamfengu N.M. Phikwa L. Ndzelu B. Maxhakana N. B. Bisolo N. Njiva B. Mdledle T. Tomisa B. Mzamane	Yes	24	12	3
Ward 17	<b>Cllr M. Mkhandaniso</b> <b>Ward committee</b> <b>Membes:</b> S. Waka N. Mvenya B. Vungayi B. Notshakela N. Ndamse G. Gangeni S. Msitshane B. Lufafa N. Mcunza N. Mombi	Yes	24	12	3

# APPENDICES

## APPENDIX F – WARD INFORMATION

Ward Title: Ward Name (Number)				
Capital Projects: Seven Largest in Year 1 (Full List at Appendix O)				
R' 000				
No.	Project Name and detail	Start Date	End Date	Total Value
Ward 8	Ntabankulu Sport Field	May-17	Oct -17	R 9 000 000
Ward 8	Ntabankulu Internal Streets resurfacing	Jul-16	Oct-17	R 56 000 000
Ward 8	Multi-Purpose Community Centre	Jul-16	Nov-17	R 6 000 000
Ward 1	Bhayi-Ntlangano Access Road	Jul-16	Sept-17	R8000 000
Ward 10	Buntshentshe access road	Jul-16	Marc-17	4,971,511.73
TF.1				

Top Four Service Delivery Priorities for Ward (Highest Priority First)		
No.	Priority Name and Detail	Progress During Year 0
	Water & Sanitation	13.4 % Water and Sanitation 30%
	Housing	
	Roads infrastructure	34,5km (6,1%)
	Electricity	63%
TF.3		

### ELECTED WARD MEMBERS (STATING NUMBER OF MEETING ATTENDED – MAXIMUM 12 MEETINGS)

All 18 wards have established ward committees that are fully functional. The average of meetings attended by ward committees is ranging between an average of 29 – 31 meetings.

TF.3

# APPENDICES

## APPENDIX G – RECOMMENDATIONS OF THE MUNICIPAL AUDIT COMMITTEE YEAR 1

Municipal Audit Committee Recommendations		
Date of Committee	Committee recommendations during Year 0	Recommendations adopted (enter Yes) if not adopted (provide explanation)
21/08/2015	17	15
18/09/2015	12	10
13/11/2015	10	8
14/12/2015	3	1
12/02/2016	17	7
15/04/2016	7	2
09/05/2016	4	1
27/06/2016	20	Waiting for the next audit committee meeting for reporting
27/06/2016	20	15
29-31/08/2016	3	0
31/10/2016	4	3
02/03/2017	2	2
20/04/2017	1	0
23/06/2017	6	1

# APPENDICES

## APPENDIX 1 – MUNICIPAL ENTITY/ SERVICE PROVIDER PERFORMANCE SCHEDULE

### MUNICIPAL MANAGER'S OFFICE

NAME OF A PROJECT	CONTRACTOR	PROJECT DURATION	PROJECT SATISFACTORY	Reasons on satisfactory/not satisfactory
Internal Audit Unit				
Outsourcing of Internal Audit projects	Nyalambisa Financial Services	May 2015 - October 2016	Satisfactory	The performance of the service provider is satisfactory, furthermore, apart from the planned audits for 2015/2016 they have also executed ad hoc audits on request by management and the audit committee and they reported on all those ad hoc reviews.
Legal Services Unit				
Legal Services	Mbabane & Sokutu Inc	November 2016 - November 2018	Satisfactory	All instructions given to the firm were carried out as per the instructions.
Project Management Unit				
Ntabankulu Sports field	Tengal Construction cc	19 May 2017 - 19 October 2017	Satisfactory	New services provider has been appointed on the 04 <sup>th</sup> of May 2017 and the project now is back on track.
Buhlambo Access Road	Tengal Construction cc	Sept 2015 - March 2016	Satisfactory	Defects liability period has been completed and release of 5% retention as per contract has been done.
Dinwayo to Durusweni Access Road	Lupicon JV Apola Trading	Sept 2015 - March 2016	Satisfactory	Defects liability period has been completed and release of 5% retention as per contract has been done.
Matinyela Access Road	Ezemijoli Construction	March 2016 - June 2016	Satisfactory	Defects liability period has been completed and release of 5% retention as per contract has been done.
Mpoza Pre-School	Ndlwenovel JV maziya	January 2016 - April 2016	Not Satisfactory	The service provider has cash flow problems. New revised completion date end of November 2017 if the service provider to complete the works then it will to termination of contract.
Lugagaitho Mpoza Access Road	Gadallana Trading JV Shining Sky	Sept 2015 - April 2016	Satisfactory	Defects liability period has been completed and release of 5% retention as per contract has been done.
Ntabankulu MPCC	Inyameko Trading	May 2015 - November 2016	Satisfactory	The project is still under construction and the quality of work is according to the specification of the project. However, There were delays due to late transfer made by MIG COGTA to Ntabankulu LM and affected the production on site. Another delay was due to approval of Curtin wall as it needs a specialist. New revised completion date is end November 2017.

# Contents

Qiphu Access Road	Congolose Trading JV Shining Sky	March 2016 - June 2016	Satisfactory	Defects liability period has been completed and release of 5% retention as per contract has been done.
Xhobo Pre-School	Somakhala Contractors	January 2016 - April 2016	Satisfactory	Project has been completed; only officially hand over need to be done.
Electrification Mthukazi and Tsito	RPS Ilangabi	January 2016 - June 2016	Satisfactory	Both project has been completed and energized.
Sidakeni Community Hall	Mvumeza Construction	March 2016 - June 2016	Satisfactory	Project has been completed.
Zola Community Hall	Wowo Construction JV Shining Sky	March 2016 - June 2016	Satisfactory	The project on defects liability and the service provider need to go back to site and to rectify the outstanding work by end November 2017.
Nlabankulu Internal Street	Gumbiso JV Best Thought Trading & Projects	July 2015 - May 2016	Satisfactory	The project is still under construction for phase two (Main street) the revised completion date end November 2017.
Co-sourcing of Internal Audit projects	Cingco Consulting Consortium	Feb 2017 - January 2018	Not Satisfactory	The performance of the service provider was not satisfactory due to non-availability of the service provider on site which led to audits conducted remotely (half year financials) and not communicated effectively with management. However, the issues were communicated with the service provider and they have promised to improve.

## CORPORATE SERVICES

NAME OF A PROJECT	CONTRACTOR	PROJECT DURATION	PROJECT SATISFACTORY	Reasons for satisfactory / not satisfactory
Provision of back up toilets	Mjoli enterprise	February 2017 - February 2018	Satisfactory	Provision of services as and when required per specification given
Provision of honey sucker services	Inggayi yabafazi	August 2016 - August 2017	Satisfactory	Provision of services as per specification on time.
Provision of printing services	Asanda Enterprise	August 2016 - August (12 months) 2017	Satisfactory	Supply and delivery of services on time frames, delivering acute services.
Supply & delivery of cleaning material	Nazora trading	February 2017 -	Not satisfactory	Most of the time the cleaning material delivered was not as per the specification as a result it would be returned every now and then, furthermore, the service provider was not delivering on time.
Supply photocopying machinery	Capital Office Automation	July 2014 - June 2017	Not Satisfactory	The performance of the service provider is still not satisfactory due to them leasing the old machines and that has been raised in monthly meetings with the service provider, furthermore, the technician were not made available to address the technical errors.

# Contents

Supply and delivery of Stationery Clocking System	Okukhulukuyeza Uniclox	June 2015 - July 2017 Not stated	Satisfactory Satisfactory	Meetings were held constantly with dissatisfaction of the performance and there is still no improvement. The stationery delivered is still as per the municipality's requirements and was delivered on time. The performance of service provider is satisfactory, however the clocking machine is currently not in use due to it being damaged during the protest of staff, the municipality reported the incident with the service provider and they have agreed that it will be replaced as soon as they receive the old clocking machine which will be delivered to the service provider by the municipality.
<b>Information Technology Unit</b>				
Telkom Internet- DIS Silver	Telkom	June 2015 - July 2017	Satisfactory	All the services were performed according to time frames and support was conducted as per the SLA
Cibecs backup system	Marzocorp	June 2015 - July 2017	Satisfactory	All the services were performed according to time frames and support was conducted as per the SLA, the municipality is a process of upgrading the system.
Computer lease	Khanya Africa Networks	June 2015 - July 2017	Satisfactory	All the services were performed according to time frames and support was conducted as per the SLA, the municipality is a process of upgrading the system.

## COMMUNITY SERVICES

NAME OF A PROJECT	CONTRACTOR	PROJECT DURATION	SATISFACTORY/ NOT SATISFACTORY	Reasons for satisfactory/ not satisfactory
Outsourced Security Services	Liqai Trading T/A Mlobs	Feb 2016 - Feb 2017	Not satisfactory	The performance of the service provider is not satisfactory due to noncompliance of the SLA with regards to the installation of the CCTV cameras which have not been done by the service provider since the inception of the contract. The meeting was held between the service provider, Director: Community Services, Senior Security Officer and the Municipal Manager, the service provider explained that he will not be able to install CCTV cameras as he was advised that there will be a variation order solely for installation of cameras, however there is no addendum to the existing SLA to substantiate such information. Furthermore the specification on the advert issued was inclusive of the CCTV camera hence the inclusion in the SLA.



# Contents

## INFRASTRUCTURE PLANNING AND DEVELOPMENT

NAME OF A PROJECT	CONTRACTOR	PROJECT DURATION	SATISFACTORY/ NOT SATISFACTORY	Reason for satisfactory / not satisfactory
Ntabankulu Roads Maintenance	EN Trading Enterprise Pty Ltd JV KNND Contractors cc	13 February 2017 to 30 June 2017	Satisfactory	The quality of workmanship and the required standards have been met

## STRATEGIC PLANNING AND DEVELOPMENT

NAME OF A PROJECT	CONTRACTOR	PROJECT DURATION	SATISFACTORY/ NOT SATISFACTORY	Reasons for satisfactory / not satisfactory
Town Planning				
Middle income development	Glad Pam	March 2015 – March 2030	Satisfactory	The project is satisfactory and very professional as they adhere to the timeframes and submit reports where necessary
Office park development	Glad Pam	March 2015 – March 2045	Not satisfactory	The service from Glad Pam was not up to standard due to the unforeseen challenges experienced. It became challenging to get a letter of intent to let from public works. As a result they could not secure lease agreements with government departments & development finance.
Commercial Purposes	MGM JV, ABSIT	Aug 2015– Sep 2040	Satisfactory	The project is satisfactory and very professional as they adhere to the timeframes and submit reports where necessary
Infill development	Glad Pam	March 2015 – March 2045	Not satisfactory	The service from Glad Pam was not according to the signed SLA and this was due to the results of the feasibility study that they undertook which recommended that the site be swapped with a site on the main road.
Bricks Making	KAAZ CC	July 2015 – July 2020	Not Satisfactory	The service was poor due to unforeseen delays now that there is an addendum to the initial agreement the quality of service might improve. The unforeseen problem according to the service provider is the economic downturn which made the rand weaker than the Chinese currency.
Local Economic Development				
School furniture Refurbishment	Furntech	Nov 2015 – On	Satisfactory	The services were delivered as agreed and the service

# Contents

Car Wash	Mqhuqhelwa Construction	going June 2015- June 2017	Not Satisfactory	provider has met the deadlines. The service provider did not deliver/construct the car wash as per the time frame and there were lot of delays
Masikhule Poultry Co-operative	Niabankulu Agriculture	02 August 2016	Satisfactory	The services were satisfactory as they supplied the material as per the specification.

## BUDGET AND TREASURY OFFICE

NAME OF A PROJECT	CONTRACTOR	PROJECT DURATION	SATISFACTORY/ NOT SATISFACTORY	Reasons for satisfactory / not satisfactory
Supply Chain Management				
Financial Accounting System	Camelsa Consultant	March 2015 - Dec 2017	Satisfactory	The project is satisfactory and the services provided are performing as per the agreed SLA, furthermore the technicians are made available whenever there are challenges in the system. The prior year errors were also addressed by the Provider and were accounted for on the half year financial statements. The variation order for the Provider has been proposed so as to finalise the movable assets
				On appointment for the m SCOA implementation the project is satisfactory. The Municipality was commended by the provincial Treasury as one the municipality

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Financial Improvement	Ilitha Lelizwe	Feb 2016 - Feb 2018	Satisfactory	<p>that submitted the data strings on April successfully. Furthermore the data strings were submitted and the municipality has managed to run live on m SCOA. Trainings were conducted by Camelsa and two warm bodies are delegated and are on municipal sites full time.</p> <p>The project is satisfactory, furthermore, an additional member who is a qualified CA has joined the team and there has been a significant improvement in the quality of financial statements, however was once challenge on submission of the AFS to AG, where an incorrect version was submitted and was later corrected through adjusted financial statements.</p> <p>The half year and nine months financial statements were prepared and have managed to correct the following prior year errors:</p> <ol style="list-style-type: none"> <li>1. Cash Flow statement</li> <li>2. Budget vs actual</li> <li>3. Expenditure</li> <li>4. Unauthorised expenditure</li> <li>5. Commitments-</li> </ol> <p>The process plan has been developed and implemented. According to the plan the AFS are to be ready for submission to IA and AC on the 23rd July 2017 which means the</p>
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# Contents

Valuation of Immovable Assets	Geo-Spatial	March 2016 - Nov 2016	Not satisfactory	<p>Provider is busy with the preparation of AFS.</p> <p>The service provider has not delivered on time and the information submitted on the set deliverable targets is incomplete. Several engagements were made with the service provider in the form of meetings and emails; and the contract was terminated and the matter is with the legal team and is not yet closed.</p>
Valuation Roll	Geo-Spatial	16 Jan 2013 – June 2017	Not Satisfactory	<p>The performance of the service provider was not satisfactory. The supplementary valuation that was submitted by the Provider was incomplete and queries that were raised by the customers pertaining to the dissatisfaction of the values were not addressed. Also the some of the values that were on the SV are the same values on the GV. The service provider was engaged and promised to deliver as requested.</p>
Revenue Enhancement Strategy	Maq Consultants	Aug 2016 – June 2017	Satisfactory	<p>The performance of the service provider is satisfactory and targets were delivered on time even though there are still some challenges that are beyond the service provider's hands like the transfer of properties, and historical issues on registration of the properties.</p>

# APPENDICES

## APPENDIX J – DISCLOSURES OF FINANCIAL INTERESTS

Disclosures of Financial Interests		
Period 1 July to 30 June of Year 0 (Current Year)		
Position	Name	Description of Financial Interests* (Nil / Or details)
(Executive) Mayor	Vusumzi Mgoduka	Nil
Speaker	Vuyokazi Mathwasa	Director of the Company
Member of MayCo / Exco		
	Ncebakazi Pikwa	Nil
	Sesulo Sopaqa	Nil
	Noma-India Mbonomtsha	Nil
	Siyabonga Menziwa	Nil
	Madlamini Ndabeni	Nil
	Nomfumaneko Fundakumbi	Other salary from Dept of Education
	Bongiswa Bethwayo	Nil
	Msindiswa Madadasa	Nil
	Fundiswa Ntshela	Nil
	Zwelixolile Makhosonke	Director of Amanamba Trading enterprise, Taxi Owner
	Mziwothando Ngwazi	Nil
Councillor	Thokozani Marawu	Nil
	Mlungisi Dinwayo	Shares with Trading Enterprise, Congolose Trading Enterprise, interest in property (flats)
	Phikiwe Mafilika	Nil
	Mbuyiselo Ndlebe	Nil
	Bongolam Ndamase	Shares and Securities at Thahle Securities, Director of QLL Quarries, Indirect interest arising from the spouse at Gwiji Funeral Parlour
	Sifiso Sicwayi	Nil
	Mafaku Ndamase	Nil

# APPENDICES

	Boniwe Mkhizwana	Child Support grant for 2 children
	Nosindiso Njiva	Nil
	Mkhanyisi Mkhandanisi	Nil
	Nonzwakazi Ndamase	Nil
	Mathembinkosi Gwegani	Nil
	Thembakazi Msuthu	Nil
	Nonkululo Sobuthongo	Nil
	Nozamile Ncekana	Nil
	Kholeka Nomanzoyiya	Nil
	Eunice Diko	Nil
	Thabisa Lubisi	Nil
	Nosikhumbuzo Daniel	Nil
	Zolani Mtyaphi	Nil
	Monde Mdolo	Nil
	Nontsikelelo Sithunzi	Nil
<b>Municipal Manager</b>	Sindiswa Mankahla	Yes, other financial interest in Balula Trading Enterprise
<b>Acting Chief Financial Officer</b>	Ms. N. Gixane	Nil
	Ms. N. Mdutyana	Nil
<b>Deputy MM and (Executive) Directors</b>	Simlindle Nodo	Interest in property, shares in companies, partnership/ CC & indirect interest arising from spouse.
	Chuleza Qotyi	Nil
	Nontsikelelo Ndlaku	Nil
	Solomon Matiwane	Residential site, NLM employee costs
<b>Other S57 Officials</b>	N/a	
	N/a	
	N/a	

# APPENDICES

	N/a	
	N/a	
	N/a	
<i>* Financial interests to be disclosed even if they incurred for only part of the year. See MBRR SA34A</i> T J		

# APPENDICES

## APPENDIX K: REVENUE COLLECTION PERFORMANCE BY VOTE AND BY SOURCE

### APPENDIX K (I): REVENUE COLLECTION PERFORMANCE BY VOTE

Vote Description	Year-1	Current Year 0		
	Actual	Original Budget	Adjusted Budget	Actual
Vote 1-Council	805 366	10 769 843	8 943 846	8943 846
Vote 2-Municipal Manager	7 595 260	120 962 498	109 062 626	109 062 626
Vote 3- Finance	26 550 848	38 048 131	34 311 546	34 311 546
Vote 4-Corporate Service	7 624 442	16 116 701	16 185 096	16 185 096
Vote 6-Community	5 288 682	23 307 707	20 172 191	20 172 191
Vote 7-Strategic	2 888 722	9 921 021	13 579 651	13 579 651
Vote 8-Refuse		550 000	502 000	502 000
Vote 9-Public Safety		2 150 000	466 632	466 632
Vote 10-Infrastructure	1 990 747	6 800 323	5 705 885	5 705 885
Total Revenue by Vote	52 744 067	228 626 226	208 929 473	208 929 473

Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual.  
This table is aligned to MBRR table A3

Revenue Collection Performance by Source				
R 1000 REVENUE COLLECTION FINANCIAL PERFORMANCE				
Description	Year-1	Year 0		
	Actual	Original Budget	Adjustments Budget	Actual
Property rates	4 707 812	6 500 000	5 208 753	5 208 753
Property rates - penalties & collection charges				
Service Charges - refuse revenue	302 885	445 000	354 687	354 687
Rentals of facilities and equipment	721 199	1 394 820	771 525	771 525
Interest earned - external investments	1 585 583	2 300 000	1 673 655	1 673 655
Fines	1 382 776	2 300 000	1 178 865	1 178 865
Transfers recognised - operational	103 742 858	97 400 760	96 701 000	96 701 000
Other revenue	11 436 534	35 265 466	20 112 738	20 112 738
Total Revenue (excluding capital transfers and contributions)	123 879 647	145 606 046	120 792 470	120 792 470



# APPENDICES

## APPENDIX L: CONDITIONAL GRANTS RECEIVED EXCLUDING MIG

Conditional Grants excluding MIG				
R 000				
Details	Budget	Adjustments Budget	Actual	Major conditions applied by donor (continue below, if necessary)
Provincial treasury internal streets	10 000 000	13 000 000	18 000 000	Construction of internal street
INEP electrification	40 000 000	42 000 000	42 000 000	Electrification programme
Finance Management grant	1 825 000	1 825 000	1 825 000	Financial management
Expanded public works programme	1 231 000	1 231 000	1 231 000	
DSRAC	250 000	350 000	350 000	
DEDEA		1 108 354	1 108 354	

### COMMENT ON CONDITIONAL GRANTS EXCLUDING MIG:

The grants above were received as per the DORA, for the INEP during the top up amount of R2 000 000 was received from re gazetted by treasury. The gazetted grants were fully spent.

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# APPENDICES

APPENDIX M: CAPITAL EXPENDITURE – NEW & UPGRADE/RENEWAL PROGRAMMES

APPENDIX M (I): CAPITAL EXPENDITURE – NEW ASSETS PROGRAMME

# APPENDICES

EC444 Ntbankulu - Supporting Table SA34a Consolidated capital expenditure on new assets by asset class

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand	1									
<b>Capital expenditure on new assets by Asset Class/Sub-class</b>										
<b>Infrastructure</b>		28,213	29,339	84,175	109,436	108,726	108,726	77,862	76,351	85,690
Infrastructure - Road transport		28,213	12,826	14,742	79,436	78,726	78,726	35,362	26,351	27,690
Roads, Pavements & Bridges		28,213	12,826	14,742	79,436	78,726	78,726	35,362	26,351	27,690
Storm water										
Infrastructure - Electricity		-	16,513	69,358	30,000	30,000	30,000	42,500	50,000	59,000
Generation										
Transmission & Reticulation			16,513	69,358	30,000	30,000	30,000	40,000	50,000	59,000
Street Lighting								2,500		
Infrastructure - Water		-	-	-	-	-	-	-	-	-
Dams & Reservoirs										
Water purification										
Reticulation										
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-
Reticulation										
Sewerage purification										
Infrastructure - Other		-	-	75	-	-	-	-	-	-
Waste Management										
Transportation										
Gas										
Other				75						
<b>Community</b>		-	-	-	-	1,000	1,000	2,270	-	-
Parks & gardens										
Sportsfields & stadia										
Swimming pools								1,200		
Community halls										
Libraries										
Recreational facilities										
Fire, safety & emergency										
Security and policing										
Buses										
Clinics										
Museums & Art Galleries										
Cemeteries										
Social rental housing						1,000	1,000			
Other								1,070		
<b>Heritage assets</b>		-	-	-	1,000	-	-	-	-	-
Buildings										
Other					1,000	-	-			
<b>Investment properties</b>		-	-	-	-	-	-	-	-	-
Housing development										
Other										
<b>Other assets</b>		-	2,456	2,634	1,100	3,240	3,107	10,787	835	885
General vehicles			1,969	2,218	400	1,545	1,545	550	584	619
Specialised vehicles					-	-	-	-	-	-
Plant & equipment					200	145	145	-	-	-
Computers - hardware/equipment					500	250	117	237	251	266
Furniture and other office equipment				417						
Abattoirs										
Markets										
Civic Land and Buildings								10,000		
Other Buildings										
Other Land										
Surplus Assets - (Investment or Inventory)										
Other			488	-		1,301	1,301			
<b>Agricultural assets</b>		-	-	-	-	-	-	-	-	-
List sub-class										
<b>Biological assets</b>		-	-	-	-	-	-	-	-	-
List sub-class										
<b>Intangibles</b>		-	-	-	-	-	-	-	-	-
Computers - software & programming										
Other (List sub-class)										
<b>Total Capital Expenditure on new assets</b>	<b>1</b>	<b>28,213</b>	<b>31,795</b>	<b>86,809</b>	<b>111,536</b>	<b>112,966</b>	<b>112,833</b>	<b>90,919</b>	<b>77,186</b>	<b>87,574</b>
<b>Specialised vehicles</b>		-	-	-	-	-	-	-	-	-
Re-use										
Fire										
Conservancy										
Ambulances										

# APPENDICES

## APPENDIX O – CAPITAL PROGRAMME BY PROJECT BY WARD YEAR 1

Capital Programme by Project by Ward: Year 0		
Capital Project	Ward(s) affected	R' 000 Works completed (Yes/No)
<b>Water</b>		
"Project A"		
"Project B"		
<b>Sanitation/Sewerage</b>		
<b>Electricity</b>	Ward 11,17 & 3 for 350 connections	No: planned for financial year 2015/2016
<b>Housing</b>		
<b>Refuse removal</b>		
<b>Stormwater</b>		
<b>Economic development</b>		
<b>Sports, Arts &amp; Culture</b>		
<b>Environment</b>		
<b>Health</b>		
<b>Safety and Security</b>		

# APPENDICES

ICT and Other		
		TO

## APPENDIX T – NATIONAL AND PROVINCIAL OUTCOMES FOR LOCAL GOVERNMENT

National and Provincial Outcomes for Local Government		
Outcome/Output	Progress to date	Number or Percentage Achieved
Output: Improving access to basic services	Water & Sanitation:	
	Housing:	
	Roads infrastructure: 34,5 kms of access roads constructed in the financial year 2016/2017	34,5km
	Electricity: 6839 households electrified in the financial year 2016/2017	6839
Output: Implementation of the Community Work Programme		
Output: Deepen democracy through a refined Ward Committee model		
Output: Administrative and financial capability		
* Note: Some of the outputs detailed on this table may have been reported elsewhere in the Annual Report. Kindly ensure that this information consistent.		

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# VOLUME II

## VOLUME II: ANNUAL FINANCIAL STATEMENTS

Provide the Annual Financial Statements (AFS) to the respective financial year as submitted to the Auditor-General. The completed AFS will be Volume II of the Annual Report.



Ntabankulu Local Municipality  
Annual Financial Statements  
for the year ended 30 June 2017

# Ntabankulu Local Municipality

Annual Financial Statements for the year ended 30 June 2017

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### Abbreviations

DBSA	Development Bank of South Africa
DSRAC	Department of Sports, Recreation, Arts and Culture
GRAP	Generally Recognised Accounting Practice
DEDEAT	Department of Economic Development, Environmental Affairs & Tourism
EPWP	Expanded Public Works Programme
IAS	International Accounting Standards
MEC	Member of the Executive Council
MFMA	Municipal Finance Management Act
MIG	Municipal Infrastructure Grant (Previously CMIP)



# Ntabankulu Local Municipality

Annual Financial Statements for the year ended 30 June 2017

## General Information

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Legal form of entity

Municipality

Nature of business and principal activities

Ntabankulu Local Municipality is a South African Category B municipality (Local Municipality) as defined by the Municipal Structures Act (Act no 117 of 1998). The municipality's operations are governed by the Municipal Finance Management Act (Act 56 of 2003), the Municipal Structures Act (Act 177 of 1998), Municipal Systems Act (Act 32 of 2000) and various legislations and regulations.

Mayoral committee

Executive Mayor

Councillors

Mayor: Cllr V Mgoduka

Cllr V Matwasa : Speaker

EXCO MEMBERS

Cllr S Menziwa : EXCO - Portfolio Head:IDP

Cllr N Pikwa : EXCO-Portfolio Head:Community Services

Cllr S Sophaqa: EXCO-Portfolio Head: Corporate Services

Cllr M Ndabeni: EXCO - Port Folio Head: Strategic

Cllr N I Mbonomtsha: Portfolio Head: Budget and Treasury Services

OTHER COUNCILLORS

Cllr B Betwayo

Cllr M Madadasa

Cllr F Ntshela

Cllr Z Makhosonke

Cllr M Nqwazi

Cllr T Marawu

Cllr M Dinwayo

Cllr P Mafilika

Cllr M Ndlebe

Cllr B Ndamase

Cllr M Mkizwana

Cllr S Sicwayi

Cllr N Njiva

Cllr N Ndamase

Cllr M Gweqani

Cllr T Msuthu

Cllr N Sobuthongo

Cllr Ncekana

Cllr K Nomanzoyiya

Cllr E Diko

Cllr T Lubisi

Cllr N Daniel

Cllr Z Mtyaphi

Cllr N Fundakubi

Cllr F Mdolo

Cllr N Sithunzi

Ms S Mankahla

Acting Chief Financial Officer (CFO)

Mrs N. Mdutyana

Registered office

Erf 85 Main Street  
Ntabankulu  
5130

# Ntabankulu Local Municipality

Annual Financial Statements for the year ended 30 June 2017

## General Information

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Business address	Erf 85 Main Street Ntabankulu 5130
Postal address	P.O. Box 234 Ntabankulu 5130
Bankers	First National Bank 151 York Road, Mthatha
Auditors	Auditor General of South Africa Registered Auditors 63 Frere Road Vincent Park  East London
Website address	<a href="http://www.ntabankulu.gov.za">www.ntabankulu.gov.za</a>

# **Ntabankulu Local Municipality**

Annual Financial Statements for the year ended 30 June 2017

## **Accounting Officer's Responsibilities and Approval**

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The accounting officer is required by the Municipal Finance Management Act (Act 56 of 2003), to maintain adequate accounting records and is responsible for the content and integrity of the Annual Financial Statements and related financial information included in this report.

It is the responsibility of the accounting officer to ensure that the Annual Financial Statements fairly present the state of affairs of the municipality as at the end of the financial year and the results of its operations and cash flows for the period then ended. The external auditors are engaged to express an independent opinion on the Annual Financial Statements and were given unrestricted access to all financial records and related data

The Annual Financial Statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board.

The Annual Financial Statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The accounting officer acknowledges that he is ultimately responsible for the system of internal financial control established by the municipality and place considerable importance on maintaining a strong control environment. To enable the accounting officer to meet these responsibilities, the accounting officer sets standards for internal control aimed at reducing the risk of error effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk.

These controls are monitored throughout the municipality and all employees are required to maintain the highest ethical standards in ensuring the municipality's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the municipality is on identifying, assessing, managing and monitoring all known forms of risk across the municipality. While operating risk cannot be fully eliminated, the municipality endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The accounting officer is of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the financial statements. However, any system of internal financial control can provide only reasonable, and not absolute assurance against material misstatement.

The accounting officer has reviewed the municipality's cash flow forecast for the year ended 30 June 2017 and, in the light of this review and the current financial position, he is satisfied that the municipality has or has access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently reviewing and reporting on the municipality's financial statements. The financial statements set out on pages 7 to 50 which have been prepared on the going concern basis

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**Acting Accounting Officer**  
**Ntabankulu Local Municipality**

# Ntabankulu Local Municipality

Annual Financial Statements for the year ended 30 June 2017

## Audit Committee Report

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We are pleased to present our report for the financial year ended 30 June 2017.

### Audit committee members and attendance

The Audit Committee consists of the members listed hereunder and should meet 4 times per annum as per its approved terms of reference. During the current year, 5 number of meetings were held.

Name of member	Number of meetings attended
Mr M Mandla (Chairperson)	4
Mr G Labane	5
Ms B Jojo	4

### Audit committee responsibility

The audit committee reports that it has complied with its responsibilities arising from section 166(2)(a) of the MFMA

#### Overview

In adherence to the terms of the MFMA, the Audit Committee has established and defined its composition, purpose and duties in the Audit Committee Charter. The Audit Committee reports that it complies with all legal and regulatory requirements as necessary under South African legislation. In fulfilling its duties, the Audit Committee has:

- approved the internal audit plan;
- received and considered reports from internal auditors;
- reviewed and discussed the audited Annual Financial Statements with the Auditor General South Africa, the Accounting Officer and the Chief Financial Officer;

Following a review conducted by the Internal Audit Unit, and meeting the requirements of the terms of reference, the committee is satisfied that:

- internal financial controls are effective and no material weaknesses in financial control have been identified,
- the outsourced internal audit function performed their duties as per the terms of reference tabled in the Internal Audit Charter and addressed all components of the Internal Audit Plan,
- the external auditors of the municipality (Auditor General of South Africa), are independent,

### Internal Audit

Ntabankulu Local Municipality has an outsourced Internal Audit function. The Internal Audit function provides the Audit Committee with assurance on the key areas of Ntabankulu Local Municipality's systems of internal control and risk management. The Internal Audit Plan and the Internal Audit Charter are annually reviewed and approved by the Committee. Internal Audit provides assurance that Ntabankulu Local Municipality operates in a responsibly governed manner by performing the following functions:

- objectively assuring effectiveness of risk management and the internal control framework;
- analysing and assessing business processes and associated controls; and
- reporting audit findings and recommendations to management and the Audit Committee.

The Committee is of the opinion that Ntabankulu Local Municipality system of internal financial controls is effective and provides reasonable assurance that the financial records may be relied on, for the preparation of the Annual Financial Statement.

The audit committee is satisfied with the content and quality of monthly and quarterly reports prepared and issued by the of the municipality during the year under review.

# Ntabankulu Local Municipality

Annual Financial Statements for the year ended 30 June 2017

## Audit Committee Report

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### Evaluation of annual financial statements

The Audit Committee has reviewed the Annual Financial Statements for the year ended 30 June 2017 and concluded that it complies, in all material respects, with the requirements of GRAP. The Committee has reviewed the AGSA's Management letter and management's response thereto and adjustments resulting from the audit. The Committee recommended the approval of the Annual Financial Statements.

Furthermore, the Audit Committee recommended the adoption of the Annual Report to the Accounting Officer. In this regard, the Committee:

- considered all facts and risks that may impact on the integrity of the Annual Report;
- reviewed and commented on the Financial Statements included in the Annual Report; and
- considered consistency of the Annual Financial Statements to the rest of the Annual Report.

The Accounting Officer subsequently approved the Annual Report, including the Financial Statements.

### Conclusion

The Committee is satisfied that it has considered and discharged its responsibilities in accordance with its mandate and terms of reference during the year.

The Audit Committee also concurs and accepts the conclusions of the Auditor-General on the annual financial statements and is of the opinion that the audited annual financial statements be accepted and read together with the report of the Auditor-General.

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Chairperson of the Audit Committee

Date: \_\_\_\_\_

# **Ntabankulu Local Municipality**

Annual Financial Statements for the year ended 30 June 2017

## **Accounting Officer's Report**

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The accounting officer submits his report for the year ended 30 June 2017.

### **1. Review of activities**

#### **Main business and operations**

Ntabankulu Local Municipality is a South African category B municipality (local municipality) as defined by the Municipal Structures act (act no 117 of 1998). the municipality's operations are governed by the Municipal Finance Management Act (act 56 of 2003), the municipal structures act (act 177 of 1998), municipal systems act (act 32 of 2000) and various legislations and regulations. .

The operating results and state of affairs of the municipality are fully set out in the attached annual financial statements and do not in our opinion require any further comment.

Net surplus of the municipality was R 42 511 562 (2016: surplus R 35 121 691)

### **2. Going concern**

The Annual Financial Statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

# Ntabankulu Local Municipality

Annual Financial Statements for the year ended 30 June 2017

## Statement of Financial Position as at 30 June 2017

Figures in Rand	Note(s)	2017	2016 Restated*
<b>Assets</b>			
Current Assets			
Inventories	3	886 228	766 464
Receivables from exchange transactions	4	612 652	1 030 685
Receivables from non-exchange transactions	5	1 947 664	971 712
VAT receivable	6	4 790 192	6 360 882
Cash and cash equivalents	7	1 594 929	9 260 997
		<b>9 831 665</b>	<b>18 390 740</b>
Non-Current Assets			
Investment property	8	22 262 725	20 003 331
Property, plant and equipment	9	319 316 909	291 423 738
Intangible assets	10	13 415	27 764
		<b>341 593 049</b>	<b>311 454 833</b>
Non-Current Assets		<b>341 593 049</b>	<b>311 454 833</b>
Current Assets		<b>9 831 665</b>	<b>18 390 740</b>
<b>Total Assets</b>		<b>351 424 714</b>	<b>329 845 573</b>
<b>Liabilities</b>			
Current Liabilities			
DBSA Loan	11	-	20 609 992
Finance lease obligation	16	82 071	420 273
Payables from exchange transactions	12	16 349 286	14 552 659
Unspent conditional grants and receipts	13	1 033 430	2 436 057
Payables from non-exchange transactions	14	2 490 847	2 255 095
Long Service Awards	15	289 061	191 520
		<b>20 244 695</b>	<b>40 465 596</b>
Non-Current Liabilities			
Finance lease obligation	16	-	332 885
Provisions	17	781 554	1 284 887
Long Service Awards	15	1 575 032	1 450 334
		<b>2 356 586</b>	<b>3 068 106</b>
Non-Current Liabilities		<b>2 356 586</b>	<b>3 068 106</b>
Current Liabilities		<b>20 244 695</b>	<b>40 465 596</b>
<b>Total Liabilities</b>		<b>22 601 281</b>	<b>43 533 702</b>
Assets		<b>351 424 714</b>	<b>329 845 573</b>
Liabilities		<b>(22 601 281)</b>	<b>(43 533 702)</b>
<b>Net Assets</b>		<b>328 823 433</b>	<b>286 311 871</b>
Accumulated surplus		<b>328 823 434</b>	<b>286 311 872</b>

\* See Note 36

# Ntabankulu Local Municipality

Annual Financial Statements for the year ended 30 June 2017

## Statement of Financial Performance

Figures in Rand	Note(s)	2017	2016 Restated*
<b>Revenue</b>			
Revenue from exchange transactions			
Service charges	19	354 687	302 885
Rental of facilities and equipment	20	1 089 991	1 364 319
Interest Income		2 323 601	2 403 116
Licences and permits		1 077 226	1 395 094
Services Rendered		42 508	39 603
Sundry Income		367 609	1 372 200
<b>Total revenue from exchange transactions</b>	<b>18</b>	<b>5 255 622</b>	<b>6 877 217</b>
<b>Revenue from non-exchange transactions</b>			
Taxation revenue			
Property rates	21	5 208 754	4 707 812
Transfer revenue			
Government grants & subsidies	22	208 811 355	195 599 252
Fines		816 900	1 013 900
<b>Total revenue from non-exchange transactions</b>	<b>18</b>	<b>214 837 009</b>	<b>201 320 964</b>
		5 255 622	6 877 217
		214 837 009	201 320 964
<b>Total revenue</b>	<b>18</b>	<b>220 092 631</b>	<b>208 198 181</b>
<b>Expenditure</b>			
Employee related costs	23	(47 661 320)	(44 136 086)
Remuneration of councillors	24	(9 806 636)	(9 441 031)
Depreciation and amortisation	25	(17 764 730)	(15 598 013)
Impairment loss Inventory	26	-	(2 840)
Finance costs	27	(306 634)	(2 145 027)
Contribution Allowance for impairment	28	(1 284 535)	(3 301 491)
Repairs and maintenance		(5 260 900)	(2 309 013)
General Expenses	29	(94 303 570)	(91 930 079)
Auditors fees	30	(3 913 937)	(3 773 477)
<b>Total expenditure</b>		<b>(180 302 262)</b>	<b>(172 637 057)</b>
Total revenue		220 092 631	208 198 181
Total expenditure		(180 302 262)	(172 637 057)
<b>Operating surplus</b>		<b>39 790 369</b>	<b>35 561 124</b>
Loss on disposal of assets		(22 009)	(362 350)
Fair value adjustments		2 259 394	-
Actuarial gains/losses		(19 525)	(77 083)
Increase/Decrease in Provision Landfill site		503 333	-
		2 721 193	(439 433)
Surplus before taxation		42 511 562	35 121 691
Taxation		-	-
<b>Surplus</b>		<b>42 511 562</b>	<b>35 121 691</b>

\* See Note 36



# Ntabankulu Local Municipality

Annual Financial Statements for the year ended 30 June 2017

## Statement of Changes in Net Assets

Figures in Rand		Accumulated surplus	Total net assets
Opening balance as previously reported		254 832 362	254 832 362
Adjustments			
Prior year adjustments	36	(3 642 181)	(3 642 181)
<b>Balance at 01 July 2015 as restated*</b>		<b>251 190 181</b>	<b>251 190 181</b>
Changes in net assets		35 121 691	35 121 691
Surplus for the year		35 121 691	35 121 691
<b>Total changes</b>		<b>286 311 872</b>	<b>286 311 872</b>
<b>Restated* Balance at 01 July 2016</b>			
Changes in net assets		42 511 562	42 511 562
Surplus for the year		42 511 562	42 511 562
<b>Total changes</b>		<b>328 823 434</b>	<b>328 823 434</b>
<b>Balance at 30 June 2017</b>			

\* See Note 36

# Ntabankulu Local Municipality

Annual Financial Statements for the year ended 30 June 2017

## Cash Flow Statement

Figures in Rand	Note(s)	2017	2016 Restated*
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Property Rates		4 134 733	3 167 921
Service Charges		2 892 729	4 010 655
Operating Grants		173 336 729	169 207 134
Capital Grants		34 162 000	25 075 250
Other Income		3 859 085	4 735 607
Interest income		1 707 355	2 001 614
		220 092 631	208 198 181
<b>Payments</b>			
Suppliers & Employee costs		(118 747 495)	(98 408 305)
Finance costs		(306 634)	(2 145 027)
		(119 054 129)	(100 553 332)
Total receipts		220 092 631	208 198 181
Total payments		(119 054 129)	(100 553 332)
<b>Net cash flows from operating activities</b>	31	101 038 502	107 644 849
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	9	(87 441 911)	(88 077 131)
Proceeds from sale of property, plant and equipment	9	18 420	-
<b>Net cash flows from investing activities</b>		(87 423 491)	(88 077 131)
<b>Cash flows from financing activities</b>			
Proceeds from DBSA Loan		-	7 089 441
Redemption of loans - DBSA		(20 609 992)	(19 000 000)
Movement in non exchange payables		-	-
Finance lease payments		(671 087)	(283 518)
<b>Net cash flows from financing activities</b>		(21 281 079)	(12 194 077)
<b>Net increase/(decrease) in cash and cash equivalents</b>		(7 666 068)	7 373 641
Cash and cash equivalents at the beginning of the year		9 260 997	1 887 356
<b>Cash and cash equivalents at the end of the year</b>	7	1 594 929	9 260 997

\* See Note 36

# Ntabankulu Local Municipality

Annual Financial Statements for the year ended 30 June 2017

## Statement of Comparison of Budget and Actual Amounts

### Budget on Cash Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
<b>Statement of Financial Performance</b>						
<b>Revenue</b>						
<b>Revenue from exchange transactions</b>						
Service charges	445 000	(90 313)	354 687	354 687	-	
Rental of facilities and equipment	1 111 737	(324 635)	787 102	1 089 991	302 889	
Interest received	2 450 000	(126 399)	2 323 601	2 323 601	-	
Licences and permits	2 800 000	(1 722 774)	1 077 226	1 077 226	-	
Services Rendered	37 953	4 555	42 508	42 508	-	
Sundry Income	376 917	(159 696)	217 221	367 609	150 388	
<b>Total revenue from exchange transactions</b>	<b>7 221 607</b>	<b>(2 419 262)</b>	<b>4 802 345</b>	<b>5 255 622</b>	<b>453 277</b>	
<b>Revenue from non-exchange transactions</b>						
<b>Taxation revenue</b>						
Property rates	6 500 000	(1 291 246)	5 208 754	5 208 754	-	
Value Added Tax (Vat)	21 543 859	(4 270 000)	17 273 859	15 611 287	(1 662 572)	a
<b>Transfer revenue</b>						
Government grants & subsidies	193 360 760	16 575 349	209 936 109	208 811 355	(1 124 754)	g
Traffic Fines	-	816 900	816 900	816 900	-	
<b>Total revenue from non-exchange transactions</b>	<b>221 404 619</b>	<b>11 831 003</b>	<b>233 235 622</b>	<b>230 448 296</b>	<b>(2 787 326)</b>	
'Total revenue from exchange transactions'	7 221 607	(2 419 262)	4 802 345	5 255 622	453 277	
'Total revenue from non-exchange transactions'	221 404 619	11 831 003	233 235 622	230 448 296	(2 787 326)	
<b>Total revenue</b>	<b>228 626 226</b>	<b>9 411 741</b>	<b>238 037 967</b>	<b>235 703 918</b>	<b>(2 334 049)</b>	
<b>Expenditure</b>						
Personnel	(49 677 890)	1 789 051	(47 888 839)	(47 661 320)	227 519	
Remuneration of councillors	(10 689 843)	883 207	(9 806 636)	(9 806 636)	-	
Depreciation and amortisation	(5 698 497)	2 200 000	(3 498 497)	(17 764 730)	(14 266 233)	b
Finance costs	(60 000)	(246 634)	(306 634)	(306 634)	-	
Contribution Allowance for impairment	(2 046 236)	300 000	(1 746 236)	(1 284 535)	461 701	
Repairs and maintenance	(3 800 000)	902 350	(2 897 650)	(5 260 900)	(2 363 250)	c
General Expenses	(45 111 760)	(10 979 474)	(56 091 234)	(94 489 096)	(38 397 862)	e
Audit Fees	(3 400 000)	(513 937)	(3 913 937)	(3 728 411)	185 526	
<b>Total expenditure</b>	<b>(120 484 226)</b>	<b>(5 665 437)</b>	<b>(126 149 663)</b>	<b>(180 302 262)</b>	<b>(54 152 599)</b>	
	228 626 226	9 411 741	238 037 967	235 703 918	(2 334 049)	
	(120 484 226)	(5 665 437)	(126 149 663)	(180 302 262)	(54 152 599)	
<b>Operating surplus</b>	<b>108 142 000</b>	<b>3 746 304</b>	<b>111 888 304</b>	<b>55 401 656</b>	<b>(56 486 648)</b>	
Loss on disposal of assets and liabilities	-	-	-	(22 009)	(22 009)	
Fair value adjustments	-	-	-	2 259 394	2 259 394	f
Actuarial gains/losses	-	-	-	(19 525)	(19 525)	

# Ntabankulu Local Municipality

Annual Financial Statements for the year ended 30 June 2017

## Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
	-	-	-	2 217 860	2 217 860	
	108 142 000	3 746 304	111 888 304	55 401 656	(56 486 648)	
	-	-	-	2 217 860	2 217 860	
Surplus before taxation	108 142 000	3 746 304	111 888 304	57 619 516	(54 268 788)	
Surplus before taxation	108 142 000	3 746 304	111 888 304	57 619 516	(54 268 788)	
Taxation	-	-	-	-	-	
Deficit for the year from continuing operations	108 142 000	3 746 304	111 888 304	57 619 516	(54 268 788)	
Capital Expenditure	(108 142 000)	(6 408 596)	(114 550 596)	(88 911 229)	25 639 367	d
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	-	(2 662 292)	(2 662 292)	(31 291 713)	(28 629 421)	

### Reconciliation

Reasons for Variances greater than R1 000 000 between Approved Budget and Actual Amount on the various items disclosed in the Statement of Financial Performance are explained below as referenced above;

- VAT: Not all returns submitted were refunded by SARS.
- Depreciation and amortisation: The depreciation was under budgeted as all non cash items were under budgeted for.
- Repairs & Maintenance: Repairs of Community halls which accounts for huge amount were not budgeted.
- Capital: Not all funds received were utilised for current year's expenditure. Some of the INEP funds received was utilised to repay DBSA loan
- General Expenditure: variance was due to electrification projects were completed upon completion and transferred to ESKOM
- Fair value adjustment: The fair value adjustment resulting from the valuation of Investment was not budgeted for.
- Government grants and subsidies: EPWP Community amounting to R767 760 was budgeted for and it was later discovered that it was not a grant. R270 433 for Precinct plan and R90 000 received from the Department of Human Settlements were roll-overs from the 2016 financial period.

# Ntabankulu Local Municipality

Annual Financial Statements for the year ended 30 June 2017

## Accounting Policies

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### 1. Presentation of Annual Financial Statements

The financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with Section 122(3) of the Municipal Finance Management Act (Act 56 of 2003).

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A summary of the significant accounting policies, which have been consistently applied in the preparation of these annual financial statements, are disclosed below.

These accounting policies are consistent with the previous period.

#### 1.1 Presentation currency

These Annual Financial Statements are presented in South African Rand, which is the functional currency of the municipality.

#### 1.2 Going concern assumption

These Annual Financial Statements have been prepared based on the expectation that the municipality will continue to operate as a going concern for at least the next 12 months.

#### 1.3 Significant judgements and sources of estimation uncertainty

In preparing the Annual Financial Statements, management is required to make estimates and assumptions that affect the amounts re presented in the Annual Financial Statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the Annual Financial Statements. Significant judgements include:

**Trade receivables and/or loans and receivables.**

##### Impairment testing

In calculating the impairment loss for receivables the following were considered:

The payments received from receivables for the year

The age of the debt

Current and 30 days were considered not to have past due date

Receivables who were 60 days old were considered to be past due date but were not impaired. The municipality assessed the balances that were 60 days old for recoverability and believes that they are of good credit quality. The creation and the release the impairment loss for receivables have been included in the Statement of Financial Performance.

##### Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in note 17 - Provisions.

#### 1.4 Investment property

Investment property is recognised as an asset when it is probable that the future economic benefits that are associated with the property will flow to the entity, and the cost of the property can be reliably measured. Investment properties comprise properties held for earning rental income or for capital appreciation or both. This does not include properties held for the supply of services or for administrative purposes.

Investment property is measured initially at its cost (transaction costs shall be included in this initial measurement). Where an investment property is acquired through a non-exchange transaction, its cost is measured at its fair value as at the date of acquisition. After initial recognition, investment property is held at the fair value model except in cases where the municipality cannot reliably determine the fair value thereof.

# Ntabankulu Local Municipality

Annual Financial Statements for the year ended 30 June 2017

## Accounting Policies

### 1.4 Investment property (continued)

A gain or loss arising from a change in the fair value of investment property shall be included in surplus or deficit for the period in which it arises. Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. The differences between the net disposal proceeds and the carrying amount of the asset is recognised in the statement of financial performance in the period of derecognition.

### 1.5 Property, plant and equipment

Property, plant and equipment is recognised when it is probable future economic benefits will flow to the entity and the cost can be measured reliably. Spare parts and stand-by equipment are recognised when they qualify as property, plant and equipment. Property, plant and equipment is stated at cost less accumulated depreciation and accumulated impairment losses. The cost of an item of property, plant and equipment includes all directly attributable costs that are incurred in order to bring the asset into a location and condition necessary to enable it to operate as intended by management and includes the cost of materials and direct labour.

Subsequent expenditure relating to an item of property, plant and equipment is capitalised if the cost can be measured reliably and it is probable that future economic benefits associated with the item will flow to the municipality. If a replacement part is recognised in the carrying amount of an item of plant and equipment, the carrying amount of the replaced part is derecognised. When significant parts of property, plant and equipment are required to be replaced at intervals, the municipality recognises such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, the cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance expenditure is recognised as an expense in the year it is incurred.

Assets acquired in terms of finance leases are capitalised at the lower of fair value and the present value of the minimum lease payments at inception of the lease, and depreciated over the estimated useful life of the asset on the same basis as owned assets. If the Group does not have reasonable certainty that it will obtain ownership of the leased asset at the end of the lease term, the asset is depreciated over the shorter of its lease term and its useful life.

Land is not depreciated as it is deemed to have an indefinite life. Depreciation on other assets is calculated using the straight-line basis over the estimated useful life of each part of property, plant and equipment from when it is available to operate as intended by management. The estimated useful lives are

Item	Depreciation method	Average useful life
Land	Straight line	Indefinite
Buildings	Straight line	30 Years
Furniture	Straight line	5 - 7 Years
Motor vehicles	Straight line	4 - 7 Years
Office equipment	Straight line	5 - 7 Years
IT equipment	Straight line	3 - 5 Years
Computer software	Straight line	
Infrastructure		
Landfill site	Straight line	30-55 years
Culverts and ditch drains	Straight line	20-60 years
Traffic signs	Straight line	5-20 years
Electricity infrastructure	Straight line	15-40 years
Traffic barriers	Straight line	10-30 years
Roads & Paving	Straight line	30-50 years
Recreational Facilities	Straight line	10-60 years
Bridges	Straight line	60 - 80 years

The assets' residual values, depreciation methods and useful lives are reviewed, and adjusted (where required) annually. Where significant parts (components) of an item of property, plant and equipment have different useful lives or depreciation methods to the item itself, these parts are accounted for as separate items of property, plant and equipment.

The carrying values of property, plant and equipment are reviewed for impairment annually and when events or changes in circumstances indicate that the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amounts.

# Ntabankulu Local Municipality

Annual Financial Statements for the year ended 30 June 2017

## Accounting Policies

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### 1.5 Property, plant and equipment (continued)

The gain or loss arising from the disposal or retirement of an asset is determined as the difference between the sale proceeds and the carrying amount of the asset and is included in operating profit. Items or part of an item of property, plant and equipment are derecognised at the earlier of the date of disposal or the date when no future economic benefits are expected from its use or disposal. Gains or losses on derecognition of items of property, plant and equipment are included in the statement of financial performance. The gain or loss is the difference between the net disposal proceeds and the carrying amount of the asset.

### 1.6 Intangible assets

An intangible asset is recognised when:

- it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the municipality; and
- the cost or fair value of the asset can be measured reliably.

Where an intangible asset is acquired through a non-exchange transaction, its initial cost at the date of acquisition is measured at its fair value as at that date.

Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred.

An intangible asset arising from development (or from the development phase of an internal project) is recognised when:

- it is technically feasible to complete the asset so that it will be available for use or sale.
- there is an intention to complete and use or sell it.
- there is an ability to use or sell it.
- it will generate probable future economic benefits or service potential.
- there are available technical, financial and other resources to complete the development and to use or sell the asset.
- the expenditure attributable to the asset during its development can be measured reliably.

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows or service potential. Amortisation is not provided for these intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired. For all other intangible assets amortisation is provided on a straight line basis over their useful life.

The amortisation period and the amortisation method for intangible assets are reviewed at each reporting date.

Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

Internally generated brands, mastheads, publishing titles, customer lists and items similar in substance are not recognised as intangible assets.

Internally generated goodwill is not recognised as an intangible asset.

Amortisation is provided to write down the intangible assets, on a straight line basis, to their residual values.

Intangible assets are derecognised:

- on disposal; or
- when no future economic benefits or service potential are expected from its use or disposal.

### 1.7 Financial instruments

Financial assets and liabilities are recognised on the municipality's statement of financial position when the Municipality becomes a party to the contractual provisions of the instrument. Financial instruments are initially measured at fair value at date of acquisition. Subsequent to initial recognition financial instruments are measured as set out below.

# Ntabankulu Local Municipality

Annual Financial Statements for the year ended 30 June 2017

## Accounting Policies

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### 1.7 Financial instruments (continued)

#### Receivables from exchange transactions

Receivables from exchange transactions are subsequently measured at amortised cost using the effective interest rate method less provision for impairment. At each reporting date, the municipality assesses whether there is any objective evidence that trade and other receivables are impaired. A provision for impairment of trade and other receivables is raised in the statement of financial performance, when there is objective evidence that the municipality will not be able to collect all amounts due, in accordance with the original terms agreed upon. The amount of the provision is the difference between the assets carrying value and the present value of estimated future cash flows, discounted at the effective interest rate. The municipality takes the impairment of trade receivables directly to the carrying value of the asset and recognises the impairment in profit and loss.

#### Receivables from non-exchange transaction

Receivables from non-exchange transactions arise through a contractual commitment by a third party to transact with the municipality, without the municipality giving the third party any value that approximates the contractual amount. Receivables from non-exchange are subsequently measured at cost, where cost is the amount contractually receivable.

#### Cash and cash equivalents

Cash and cash equivalents comprise cash at banks and on hand and call deposits. Cash on hand is initially recognised at fair value and subsequently measured at fair value. Deposits are carried at amortised cost. However, due to their short-term nature, the amortised cost normally approximates its fair

#### Financial liabilities at amortised cost

Borrowings are recognised initially at the fair value of proceeds received, net of transaction costs incurred, when the municipality become party to the contractual provisions. Borrowings are subsequently stated at amortised cost using the effective interest rate method. Any difference between the cost and the redemption value is recognised in the statement of financial position over the period of the borrowings as interest.

#### Payables from exchange transactions

Payables from exchange transactions are initially measured at fair value and are subsequently measured at amortised cost, using the effective interest rate method.

#### Payables from non-exchange transactions

Payables from non-exchange transactions arise when the municipality has an obligation to return the grant funds and/or receipts transferred to it by any third parties, through a non-exchange transaction, if conditions of the grant have not been met (conditional grants). A non-exchange transaction is a transaction where an entity either receives value from another entity without directly giving approximately equal value in exchange, or gives value to another entity without directly receiving approximately equal value in exchange.

When funds are received as per stipulations of the grant contract, they give rise to a present obligation. A present obligation arising from a non-exchange transaction, that meets the definition of a liability shall be recognised as a liability when, and only when: it is probable that an outflow of resources embodying future economic benefits or service potential will be required to settle the obligation; and reliable estimate can be made of the amount of the obligation.

Payables from exchange transactions are initially measured at fair value and are subsequently measured at cost. Where fair value is the best estimate of the amount required to settle the present obligation at the reporting date. And cost is the cash outflow payable to the third upon unsuccessful discharge of grant conditions.

As the municipality satisfies a present obligation recognised as a liability in respect of an inflow of resources from a non-exchange transaction recognised as an asset and/or expenditure, it shall reduce the carrying amount of the liability recognised and recognise an amount of revenue equal to that reduction.

#### Offset

Financial assets and liabilities are offset and the net amount reported in the statement of financial position only when there is a legal enforceable right to set-off the recognised amounts, and the intention is to settle on a net basis or to realise the asset and settle the liability simultaneously.

#### Derecognition

A financial asset, or portion of a financial asset, is derecognised where:



# Ntabankulu Local Municipality

Annual Financial Statements for the year ended 30 June 2017

## Accounting Policies

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### 1.7 Financial instruments (continued)

The rights to receive cash flows from the asset have expired

The municipality has transferred the right to receive cash flows from the asset, or has assumed an obligation to pay the received cash flows in full without any material delay to a third party;

the municipality has transferred substantially all the risks and rewards of the asset; or

the municipality has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

### Impairment of financial assets

Financial assets, other than those financial assets classified as fair value through the statement of financial performance, are assessed for indicators of impairment at each reporting date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial asset have been impacted. If any such evidence exists, the cumulative loss (measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss) is recognised in the profit or loss.

### 1.8 Inventories

Inventories acquired through an exchange transaction are initially stated at cost. The cost of inventories comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Cost is determined using the FIFO method. Inventories acquired through a non-exchange transaction are initially measured at fair value as at the date of acquisition.

All inventories are subsequently measured at lower of cost and net realisable value. The net realisable value of inventories is the estimate of the selling price in the ordinary course of business, less the estimated selling expenses.

When inventories are sold, the carrying amounts of those inventories are recognised as an expense in the period in which the related revenue is recognised. If there is no related revenue, the expenses are recognised when the goods are distributed or related services are rendered. The amount of any write-down of inventories to net realisable value or current replacement cost and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories arising from an increase in net realisable value or current replacement cost are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs

### 1.9 Impairment of cash-generating assets

At each reporting date, the Municipality reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). An asset's recoverable amount is the higher of an asset's fair value less costs of disposal and its value in use. An impairment loss is recognised whenever the carrying value of an asset exceeds its recoverable amount. Impairment losses are recognised in the statement of financial statement. Where it is not possible to estimate the recoverable amount of an individual asset, the municipality estimates the recoverable amount of the cash-generating unit to which the asset belongs.

# Ntabankulu Local Municipality

Annual Financial Statements for the year ended 30 June 2017

## Accounting Policies

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### 1.9 Impairment of cash-generating assets (continued)

A previously recognised impairment loss is reversed if the recoverable amount increases as a result of a change in the estimates used to determine the recoverable amount, if related objectively to an event occurring after the impairment loss was recognised. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying value that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. The reversal is recognised in the statement of financial statements. After such a reversal, the depreciation charge is adjusted in future years to allocate the asset's revised carrying value, less any residual value, on a systematic basis over its remaining useful life.

### 1.10 Employee benefits

#### Long-service bonus awards employment benefit

##### Long service employment benefit

Ntabankulu offers bonuses for every 5 years of completed service from 10 years to 45 years. The liability recognised in respect of the long-service bonus awards is the present value of the obligation at the reporting date. The benefit obligation is calculated annually by independent actuaries using the projected unit method. The present value of the benefit obligation is determined by discounting the estimated future cash outflows using interest rates of government securities that have terms of maturity approximating the terms of the related liability.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to the Statement of Financial Performance, in the period in which they arise. Current service costs are recognised immediately in profit and loss.

##### Short-term employee benefits

Short-term employee benefits are those that are due to be settled within twelve months after the end of the period in which the services have been rendered. Remuneration of employees is charged to the income statement. A provision is made for accumulated leave, incentive bonuses and other short-term employee benefits.

### 1.11 Provisions and contingencies

Provisions are recognised when the municipality has a present legal or constructive obligation as a result of a past event and it is probable that the municipality will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risk and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows. If the effect of the time value of money is material, provisions are discounted using a current rate that reflects the risks specific to the liability.

### 1.12 Commitments

Commitments represent goods/services that have been ordered, but no delivery has taken place at the reporting date. These amounts are not recognised in the statement of financial position as a liability or as expenditure in the statement of financial performance as risks and rewards of ownership have not lapsed to the municipality prior delivery therein. However, they are disclosed as part of the disclosure notes.

The commitments disclosed in the disclosure note are the aggregate amount of capital and current expenditure approved and contracted for at the reporting date, to the extent that the amount has not been recorded in the financial statements. A distinction is made between capital and current commitments.

Other commitments for which disclosure is necessary to achieve a fair presentation will be disclosed in a note if both the following criteria are met:

- contracts should be non-cancellable or only cancellable at significant cost (for example, contracts for computer or building maintenance services); and
- contracts should relate to something other than the routine, steady, state business of the municipality – therefore salary commitments relating to employment contracts or social security benefit commitments are excluded.

# Ntabankulu Local Municipality

Annual Financial Statements for the year ended 30 June 2017

## Accounting Policies

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### 1.13 Revenue from exchange transactions

Revenue is measured at the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the municipalities activities. Revenue is reduced for customer returns, rebates and other similar allowances

*Service charges and licenses and permits* are recognised in the statement of financial performance when the significant risks and rewards of ownership have been transferred to the customer.

Revenue from *services rendered* is recognised by reference to stage of completion.

*Interest income* is recognised on a time proportion basis, taking account of the principal outstanding and the effective rate over the period to maturity.

*Rental of facilities and equipment revenue* arising from operating leases on investment properties is accounted for on a straight-line basis over the lease terms.

### 1.14 Revenue from non-exchange transactions

Revenue from non-exchange transactions arise where the municipality will receive resources and provide no or nominal consideration directly in return. These constitutes government grants, property rates, fines and penalties.

*Government grants* pertains to funds and/or subsidies received or receivable by the municipality from other state organs. These include conditional and non-conditional grant. Conditional grants arise where the municipality has a conditional obligation to pay cash or another financial asset to the grantor, upon unsuccessful discharge of the grantor's conditions. Non-conditional grants are grants received or receivable, for the municipality's operational needs, with no obligation to pay cash or another financial asset to the grantor.

Non-conditional government grants are recognised as revenue when received. And conditional government grants received and recognised as an asset shall be recognised as revenue, except to the extent that a liability is also recognised in respect of the same inflow. The revenue shall be measured at the amount of the increase in net assets recognised by the entity.

Subsequently, as an entity satisfies a present obligation recognised as a liability in respect of an inflow of resources from a non-exchange transaction recognised as an asset or expense, it shall reduce the carrying amount of the liability recognised and recognise an amount of revenue equal to that reduction.

*Property rates* satisfy the definition of "non-exchange transaction", because the homeowner transfers resources to the government without receiving approximately equal value directly in exchange.

An entity shall recognise an asset in respect of property rates when the taxable event occurs and the asset recognition criteria are met. And, to the extent that an asset (cash or receivables) is recognised, the municipality shall also recognise the amount as revenue, except to the extent that a liability is also recognised in respect of the same inflow.

*Fines and penalties* are economic benefits or service potential received or receivable by an entity from an individual or other entity, as determined by a court or other law enforcement body, as a consequence of the individual or other entity breaching the requirements of laws or regulations.

Fines are recognised as revenue when the receivable meets the definition of an asset and satisfies the criteria for recognition as an asset. And, to the extent that an asset is recognised, the municipality shall also recognise the amount as revenue, except to the extent that a liability is also recognised in respect of the same inflow.

In instances where a defendant reaches an agreement with a prosecutor that includes the payment of a penalty instead of being tried in court, the payment thus received or receivable shall be recognised as fine revenue.

### 1.15 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period, to get ready for its intended use or sale are capitalised as part of the cost of the respective assets during the period that is required to complete and prepare the asset for its intended use. The amount of borrowing costs that the municipality capitalises during a period shall not exceed the amount of borrowing costs it incurred during that period. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that the municipality incurs relating to borrowing of funds.

# Ntabankulu Local Municipality

Annual Financial Statements for the year ended 30 June 2017

## Accounting Policies

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### 1.16 Comparative figures

Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current year.

### 1.17 Unauthorised expenditure

Unauthorised expenditure means:

- overspending of a vote or a main division within a vote; and
- expenditure not in accordance with the purpose of a vote or, in the case of a main division, not in accordance with the purpose of the main division.

All expenditure relating to unauthorised expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

### 1.18 Fruitless and wasteful expenditure

Fruitless expenditure means expenditure which was made in vain and would have been avoided had reasonable care been exercised.

All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

### 1.19 Irregular expenditure

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), and the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the economic entity's supply chain management policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

Irregular expenditure is equal to the value of the irregular expenditure incurred unless it is impracticable to determine, in which case reasons therefore are provided in note 40.

### 1.20 Budget information

Municipalities are typically subject to budgetary limits in the form of appropriations or budget authorisations (or equivalent), which is given effect through authorising legislation, appropriation or similar.

General purpose financial reporting by municipality shall provide information on whether resources were obtained and used in accordance with the legally adopted budget.

The approved budget is prepared on an accrual basis and presented by economic classification linked to performance outcome objectives.

The approved budget covers the fiscal period from 2016/07/01 to 2017/06/30.

The budget for the economic entity includes all the entities approved budgets under its control.

The Annual Financial Statements and the budget are on the same basis of accounting therefore a comparison with the budgeted amounts for the reporting period have been included in the Statement of comparison of budget and actual amounts.

### 1.21 Related parties

The municipality, in the ordinary course of business, entered into various sale and purchase transactions on an arm's length basis at market rates with related parties. The municipality is presumed to be related to all other government entities within the national sphere by virtue of its classification as a Category B municipality. Only transactions that are not carried out on an arm's length basis are disclosed. Key personnel are limited to the s56 employees only.

## **Ntabankulu Local Municipality**

Annual Financial Statements for the year ended 30 June 2017

### **Accounting Policies**

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#### **1.22 Events after reporting date**

Subsequent to the reporting date the Municipal Manager - Ms S Mankahla's contract was terminated as at 8 August 2017 and Mr S Matiwane was appointed by the council as the Acting Municipal Manager on the same date.

# **Ntabankulu Local Municipality**

Annual Financial Statements for the year ended 30 June 2017

## **Notes to the Annual Financial Statements**

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# Ntabankulu Local Municipality

Annual Financial Statements for the year ended 30 June 2017

## Notes to the Annual Financial Statements

### 2. New standards and interpretations

#### 2.1 Standards and interpretations issued, but not yet effective;

Document number	Title	Summary
GRAP 20	Related party disclosure	Standard objective is to ensure that a reporting entity's financial statements contain the disclosures necessary to draw attention to the possibility that its financial position and surplus or deficit may have been affected by the existence of related parties and by transactions and outstanding balances with such parties
GRAP 32	Service concession arrangement: Grantor	The objective of this Standard is to prescribe the accounting for service concession arrangements by the grantor, a public sector entity.
GRAP 108	Statutory receivables	The objective of this Standard is to prescribe accounting requirements for the recognition, measurement, presentation and disclosure of statutory receivables.
GRAP 109	Accounting principles and agents	The objective of this Standard is to outline principles to be used by an entity to assess whether it is party to a principal-agent arrangement, and whether it is a principal or an agent in undertaking transactions in terms of such an arrangement.
GRAP 34	Separate Financial Statements	The objective of this Standard is to prescribe the accounting and disclosure requirements for investments in controlled entities, joint ventures and associates when an entity prepares separate financial statements
GRAP 35	Consolidated Financial Statements	The objective of this Standard is to establish principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities.
GRAP 36	Investments in Associates and Joint Ventures	The objective of this Standard is to prescribe the accounting for investments in associates and joint ventures and to set out the requirements for the application of the equity method when accounting for investments in associates and joint ventures
GRAP 37	Joint Arrangements	The objective of this Standard is to establish principles for financial reporting by entities that have an interest in arrangements that are controlled jointly (i.e. joint arrangements).

To meet the objective in the preceding paragraph, this Standard defines joint control and requires an entity that is a party to a joint arrangement to determine the type of joint arrangement in which it is involved by assessing its rights and obligations and to account for those rights and obligations in accordance with that type of joint arrangement.

# Ntabankulu Local Municipality

Annual Financial Statements for the year ended 30 June 2017

## Notes to the Annual Financial Statements

### 2. New standards and interpretations (continued) GRAP 38

Disclosure of The objective of this Standard is to require an entity to disclose information that enables users of its financial statements to evaluate:

		(i) the nature of, and risks associated with, its interests in controlled entities, unconsolidated controlled entities, joint arrangements and associates, and structured entities that are not consolidated; and
		(ii) the effects of those interests on its financial position, financial performance and cash flows.
GRAP 108	Statutory Receivables	The objective of this standard is to prescribe the accounting requirements for recognition, measurement, presentation and disclosure of statutory receivables
GRAP 109	Accounting by Principals and Agents	This standard outlines the to be used by the entity to assess whether it is party to a principal – agent arrangement, and whether it is a principal or an agent in undertaking transactions in terms of such arrangements
GRAP 110	Living and Non-living Resources	The objective of this Standard is to prescribe the: <ul style="list-style-type: none"> <li>(i) recognition, measurement, presentation and disclosure requirements for living resources; and</li> <li>(ii) disclosure requirements for non-living resources</li> </ul>

### 3. Inventories

Land	240 740	240 740
Consumables	645 488	525 724
	<b>886 228</b>	<b>766 464</b>

### 4. Receivables from exchange transactions

Refuse Receivables	1 383 504	1 301 123
Sundry Receivables	220 188	570 649
Rental	930 555	623 183
Allowance for impairment Refuse	(1 199 899)	(1 160 400)
Allowance for impairment Rentals	(721 696)	(303 870)
	<b>612 652</b>	<b>1 030 685</b>



# Ntabankulu Local Municipality

Annual Financial Statements for the year ended 30 June 2017

## Notes to the Annual Financial Statements

Figures in Rand	2017	2016
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### 4. Receivables from exchange transactions (continued)

#### Trade and other receivables past due but not impaired

Trade and other receivables which are less than 3 months past due are not considered to be impaired. At 30 June 2017, R 420 912 were past due but not impaired.

The ageing of the gross receivable is as follows:

June 2017	Refuse	Rental	Sundry Receivable	Total
Current-30 days	31 125	56 870	220 188	308 183
31-60 days	29 080	11 319	-	40 399
61-90 days	31 365	42 565	-	73 930
91-120 days	28 541	3 006	-	31 547
121-150 days	31 352	3 406	-	34 758
151-180 days	30 251	37 468	-	67 719
> 180 days	1 201 789	775 919	-	1 977 708
	<b>1 383 503</b>	<b>930 553</b>	<b>220 188</b>	<b>2 534 244</b>

June 2016	Refuse	Rental	Sundry Receivable	Total
Current-30 days	22 879	88 631	570 649	682 159
31-60 days	22 273	73 225	-	95 498
61-90 days	24 035	39 167	-	63 202
91-120 days	25 070	38 797	-	63 867
121-150 days	25 500	38 797	-	64 297
151-180 days	26 898	37 712	-	64 610
> 180 days	1 154 468	306 854	-	1 461 322
	<b>1 301 123</b>	<b>623 183</b>	<b>570 649</b>	<b>2 494 955</b>

#### Trade and other receivables allowance for impairment

The contribution towards allowance for impairment amounted to R (457 325) as of 30 June 2017 (2016: R 250 508).

This amount is made up of the following:

	2 017	2 016
Refuse	39 498	42 498
Rental	417 826	208 010

#### Reconciliation of provision for impairment of trade and other receivables

Opening balance	1 464 270	1 213 762
Impairment loss created	457 325	771 782
Prior Year adjustment	-	(521 274)
	<b>1 921 595</b>	<b>1 464 270</b>

# Ntabankulu Local Municipality

Annual Financial Statements for the year ended 30 June 2017

## Notes to the Annual Financial Statements

Figures in Rand	2017	2016
<b>5. Receivables from non-exchange transactions</b>		
Customer Receivable- Interest	2 604 723	1 988 477
Customer Receivable- Rates	11 244 475	10 170 454
Customer Receivable - Traffic Fines	1 549 850	843 950
Staff Debtors	-	593 004
Allowance for impairment - Traffic Fines	(1 489 958)	(789 200)
Allowance for impairment - Rates	(9 594 221)	(10 025 439)
Allowance for impairment - Interest	(2 367 205)	(1 809 534)
	<b>1 947 664</b>	<b>971 712</b>

### Receivables from non-exchange transactions past due but not impaired

Other receivables from non-exchange transactions which are less than 3 months past due are not considered for allowance for impairment. At 30 June 2017, R 1 203 302 (2016: R 921 389) were past due but not impaired

The ageing of the gross receivable is as follows:

June 2017	Rates	Customer Interest	Traffic Fines	Total
Current-30 days	329 584	71 177	-	400 761
31-60 days	322 612	74 333	-	396 945
61-90 days	330 969	74 627	-	405 596
91-120 days	309 802	48 975	-	358 777
121-150 days	301 757	48 450	-	350 207
151-180 days	286 490	47 775	-	334 265
> 180 days	9 363 816	2 239 387	1 549 850	13 153 053
	<b>11 245 030</b>	<b>2 604 724</b>	<b>1 549 850</b>	<b>15 399 604</b>

June 2016	Rates	Customer Interest	Councillors Allowance	Traffic Fines	Total
Current-30 days	293 675	10 046	-	-	303 721
31-60 days	295 808	14 007	-	-	309 815
61-90 days	263 322	44 531	-	-	307 853
91-120 days	16 185	45 867	-	-	62 052
121-150 days	162 661	45 911	-	-	208 572
151-180 days	307 100	42 416	-	-	349 516
>180 days	8 831 703	1 785 699	593 004	843 950	12 054 356
	<b>10 170 454</b>	<b>1 988 477</b>	<b>593 004</b>	<b>843 950</b>	<b>13 595 885</b>

# Ntabankulu Local Municipality

Annual Financial Statements for the year ended 30 June 2017

## Notes to the Annual Financial Statements

Figures in Rand	2017	2016
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### 5. Receivables from non-exchange transactions (continued)

#### Trade and other receivables allowance for impairment

The current year contribution to allowance for impairment loss amounted to R 827 210 as of 30 June 2017 (2016: R 3 050 983).

In calculating the allowance impairment for receivables the following were considered:

- > The payments received from receivables for the year
  - > The age of the debt
  - > Current and 30 days were not considered
  - > Receivables who were over 60 days old were considered to be past due date but were not impaired.
- The municipality assessed the balances that were 60 days old for recoverability and believes that they are of good credit quality.

The creation and the release of the impairment loss for receivables have been included in the Statement of Financial Performance.

The amount of the allowance for impairment was R 827 210 as of 30 June 2017 (2016: R 3 050 983).

	2 017	2 016
Rates	161 786	1 317 934
Customer Interest	557 671	350 845
Traffic Fines	700 758	789 200
Councillor's Allowance	-	593 004

#### Reconciliation of provision for impairment of receivables from non-exchange transactions

Opening balance	12 624 170	9 573 187
Impairment loss created	1 508 657	3 050 983
Amounts written off as uncollectible	(593 004)	-
	<b>13 539 823</b>	<b>12 624 170</b>

### 6. VAT receivable

VAT	4 790 192	6 360 882
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### 7. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	26 810	89 392
Bank balances	299 971	1 739 098
Investment balances	1 268 148	7 432 507
	<b>1 594 929</b>	<b>9 260 997</b>

# Ntabankulu Local Municipality

Annual Financial Statements for the year ended 30 June 2017

## Notes to the Annual Financial Statements

Figures in Rand	2017	2016
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### 7. Cash and cash equivalents (continued)

The municipality had the following bank accounts

Account number / description	Bank statement balances			Cash book balances		
	30 June 2017	30 June 2016	30 June 2015	30 June 2017	30 June 2016	30 June 2015
Main Account: Current account	357 038	1 739 098	8 881	299 971	1 739 098	8 881
Direct Deposit Clearing	-	-	3	-	-	3
FEB Account	971	1 003	1 003	971	1 003	1 003
Operations	1 000	1 003	-	1 000	1 003	-
VAT Call Account	1 000	6 282 916	601 000	1 000	6 282 916	601 000
Back to school	1 359	414 508	-	1 359	414 508	-
INEP- FNB Call Account	4 311	1 000	1 000	2 507	1 000	1 000
Municipal Support Institution	1 000	1 000	1 000	1 000	1 000	1 000
FMG	240	1 000	1 000	240	1 000	1 000
MIG	1 000	1 000	1 000	1 000	1 000	1 000
MSIG	1 050	1 000	1 000	1 050	1 000	1 000
DEDEAT	794 474	1 000	34 544	957 378	1 000	34 544
DSRAC	114 937	236 475	1 642	3 041	236 475	1 642
EPWP	1 000	1 000	1 000	8 863	1 000	1 000
Thina Sinako	191 158	486 602	84 151	191 158	486 602	84 151
Traffic Fines	1 834	1 000	1 102 884	1 834	1 000	1 102 884
Vukani Mangqamza	95 592	1 000	3 115	95 592	1 000	3 115
DBSA Loan	139	1 000	23 952	139	1 000	23 952
Cogta - Electrification	17	-	-	17	-	-
<b>Total</b>	<b>1 568 120</b>	<b>9 171 605</b>	<b>1 867 175</b>	<b>1 568 120</b>	<b>9 171 605</b>	<b>1 867 175</b>

### 8. Investment property

	2017			2016		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Investment property	22 262 725	-	22 262 725	20 003 331	-	20 003 331

#### Reconciliation of investment property - June 2017

	Opening balance	Fair value adjustments	Total
Investment property	20 003 331	2 259 394	22 262 725

#### Reconciliation of investment property - June 2016

	Opening balance	Derecognition	Transfers received	Total
Investment property	25 055 031	(7 097 800)	2 046 100	20 003 331

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality.

Investment property was revaluated during the year under review. The determination of fair value was supported by market evidence. Furthermore, the fair value of investment property (as measured or disclosed in the financial statements) was based on a valuation conducted by an independent valuer who is Registered as a Professional Associated Valuer in terms of section 19 of the Property Valuers Profession Act 2000, (Act 47 of 2000) and has recent experience in the location and category of the investment property being valued.

**Ntabankulu Local Municipality**  
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**9. Property, plant and equipment**

	2017			2016		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying Amount	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying Amount
Land	2 033 539	-	2 033 539	2 033 539	-	2 033 539
Buildings	110 057 980	(31 133 092)	78 924 888	111 829 073	(27 508 945)	84 320 128
Machinery	1 022 836	(108 980)	913 856	178 573	(17 005)	161 568
Furniture and fixtures	2 244 774	(1 603 979)	640 795	1 940 108	(1 441 042)	499 066
Motor vehicles	4 816 038	(3 021 359)	1 794 679	4 816 038	(2 165 734)	2 650 304
Office equipment	488 762	(230 243)	258 519	409 330	(177 116)	232 214
IT equipment	3 098 751	(2 393 354)	705 397	2 801 748	(1 749 463)	1 052 285
Infrastructure	140 872 565	(41 979 480)	98 893 085	143 237 595	(35 274 967)	107 962 628
Landfill site	7 130 493	(156 480)	6 974 013	7 130 493	(14 456)	7 116 037
Work-In-Progress	128 178 138	-	128 178 138	85 395 969	-	85 395 969
<b>Total</b>	<b>399 943 876</b>	<b>(80 626 967)</b>	<b>319 316 909</b>	<b>359 772 466</b>	<b>(68 348 728)</b>	<b>291 423 738</b>

# Ntabankulu Local Municipality

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### 9. Property, plant and equipment (continued)

#### Reconciliation of property, plant and equipment - June 2017

	Opening balance	Additions	Disposals	Transfers received	Transfers Out	Depreciation	Accumulated Depreciation Disposals	Total
Land	2 033 539	-	-	-	-	-	-	2 033 539
Buildings	84 320 128	-	(3 848 752)	2 077 659	-	(4 655 342)	1 031 195	78 924 888
Machinery	161 568	844 263	-	-	-	(91 975)	-	913 856
Furniture	499 066	314 715	(10 289)	-	-	(170 956)	8 259	640 795
Motor vehicles	2 650 304	-	-	-	-	(855 625)	-	1 794 679
Office equipment	232 214	80 933	(1 500)	-	-	(53 593)	465	258 519
IT equipment	1 052 285	327 789	(30 786)	-	-	(655 975)	12 084	705 397
Infrastructure	107 962 628	-	(14 146 552)	11 781 522	-	(11 124 893)	4 420 380	98 893 085
Landfill site	7 116 037	-	-	-	-	(142 024)	-	6 974 013
Work-In-Progress	85 395 969	85 651 736	-	-	(42 869 567)	-	-	128 178 138
	<b>291 423 738</b>	<b>87 219 436</b>	<b>(18 037 879)</b>	<b>13 859 181</b>	<b>(42 869 567)</b>	<b>(17 750 383)</b>	<b>5 472 383</b>	<b>319 316 909</b>

#### Reconciliation of property, plant and equipment - June 2016

	Opening balance	Additions	Disposals	Transfers received	Transfers	Transfer to 3rd Parties	Depreciation	Total
Land	2 033 539	-	-	-	-	-	-	2 033 539
Buildings	83 899 253	630 000	-	4 340 400	-	-	(4 549 525)	84 320 128
Machinery	-	178 573	-	-	-	-	(17 005)	161 568
Furniture	584 802	78 629	-	-	-	-	(164 365)	499 066
Motor vehicles	3 060 400	801 555	(355 738)	-	-	-	(855 913)	2 650 304
Office equipment	126 788	146 222	-	-	-	-	(40 796)	232 214
IT equipment	784 926	694 880	-	-	-	-	(427 521)	1 052 285
Infrastructure	103 957 137	-	-	13 502 122	-	-	(9 496 631)	107 962 628
Landfill site	-	7 130 493	-	-	-	-	(14 456)	7 116 037
Work-In-Progress	77 677 636	78 416 779	-	(25 454 480)	(2 046 098)	(43 197 868)	-	85 395 969
	<b>272 124 481</b>	<b>88 077 131</b>	<b>(355 738)</b>	<b>(7 611 958)</b>	<b>(2 046 098)</b>	<b>(43 197 868)</b>	<b>(15 566 212)</b>	<b>291 423 738</b>

# Ntabankulu Local Municipality

Annual Financial Statements for the year ended 30 June 2017

## Notes to the Annual Financial Statements

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### 9. Property, plant and equipment (continued)

Work in progress for Ntabankulu Local Municipality mostly represents electrifications projects that are constructed through utilising conditional grants as denoted in Note 23: Revenue from non-exchange transactions.

The useful lives of all the individual items of property, plant and equipment has been assessed and were deemed to equate their economic useful life. There were no assets that were pledged as security and capital contractual commitments are disclosed in the commitments disclosure note. A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality.

### 10. Intangible assets

	2017			2016		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software, other	288 787	(275 372)	13 415	288 787	(261 023)	27 764

#### Reconciliation of intangible assets - June 2017

	Opening balance	Amortisation	Total
Computer software, other	27 764	(14 349)	13 415

#### Reconciliation of intangible assets - June 2016

	Opening balance	Amortisation	Total
Computer software, other	59 561	(31 797)	27 764

#### Other information

Ntabankulu Local Municipality's intangible asset constitutes computer software. The useful life used in the calculation of amortisation of software is two years. Ntabankulu Local Municipality assesses, at each reporting date, whether there is any indication that the computer software may be impaired, or that the useful life is still appropriate. No such indication existed at the end of the current financial reporting period.

### 11. DBSA Loan

At amortised cost	
DBSA	- 20 609 992
Terms and conditions	

In the 2015-16 financial year the municipality obtained a loan from the Development Bank of South Africa at a rate of 9% per annum repayable in instalments linked to the receipt of the INEP grant by the municipality. The duration of the loan was 2 years. The repayments were funded by the Integrated Electrification Program (INEP) grant that the municipality receives from National Government. In terms of the contract all amount received was fully paid to DBSA in the 2016-17 financial year.

# Ntabankulu Local Municipality

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## Notes to the Annual Financial Statements

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<b>12. Payables from exchange transactions</b>		
Trade payables	4 935 197	671 662
Retention Fee	1 676 021	2 132 347
Accrued leave pay	4 647 855	3 651 205
Accrued bonus	878 108	1 131 515
Accruals	4 212 105	6 965 930
	<b>16 349 286</b>	<b>14 552 659</b>

### 13. Unspent conditional grants and receipts

Unspent conditional grants and receipts comprises of:

Unspent conditional grants and receipts	7 863	(1 755)
EPWP	-	2 000 000
IEC Grant	-	(1)
Municipal Infrastructure Grant - MIG	66 149	270 433
Precinct Plan Grant	2 041	-
DSRAC	957 377	167 380
DEDEAT		
	<b>1 033 430</b>	<b>2 436 057</b>

This liability relates to conditional grants, which arise where the municipality has a conditional obligation to pay cash or another financial asset to the grantor, upon unsuccessful discharge of the grantor's conditions. The values disclosed above represents funds received for which the municipality has not yet satisfied the grant conditions. The nature and extent of the government grants is recognised in the annual financial statements

See note for reconciliation of grants from National/Provincial Government.

### 14. Payables from non-exchange transactions

	30 June 2017	30 June 2016
Salaries third party payments	2 041 527	1 915 605
Receivables with credit balance	449 320	339 490
	<b>2 490 847</b>	<b>2 255 095</b>

### 15. Long Service Awards

	30 June 2017	30 June 2016
Non - current portion	1 575 032	1 450 334
Current Portion	289 061	191 520
	<b>1 864 093</b>	<b>1 641 854</b>



# Ntabankulu Local Municipality

Annual Financial Statements for the year ended 30 June 2017

## Notes to the Annual Financial Statements

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<b>16. Finance lease obligation</b>		
Minimum lease payments due		
- within one year	90 397	448 712
- in second to fifth year inclusive	-	355 230
- later than five years	-	-
	90 397	803 942
less: future finance charges	(8 326)	(50 784)
	82 071	753 158
Present value of minimum lease payments due		
- within one year	82 071	420 273
- in second to fifth year inclusive	-	332 885
	82 071	753 158
Non-current liabilities	-	332 885
Current liabilities	82 071	420 273
	82 071	753 158

# Ntabankulu Local Municipality

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### 17. Provisions

#### Reconciliation of provisions - 30 June 2017

	Opening Balance	Movement	Total
Provision Landfill site	1 284 887	(503 333)	781 554

#### Reconciliation of provisions - 30 June 2016

	Opening Balance	Additions	Prior Year error adjustment	Total
Provision Landfill site	-	3 290 987	(2 006 100)	1 284 887

The Ntabankulu landfill site is situated some 900 meters north of the Ntabankulu CBD. It is located on Portion 87 of ERF 1966 in the Ntabankulu Commonage. This landfill is licensed in terms of National Environmental Management Act.

The investment return assumption used was determined by reference to market yields (at the balance sheet date) on government bonds. The currency and term of the government bonds was consistent with the currency and estimated term/life of the landfill site. The discount rate was deduced from the GOVI long bond.

Key financial assumptions used are summarised as follows;

Assumptions	30 June 2017	30 June 2016
Discount rate	9.42%	9.83%
Consumer price index	6.12%	7.71%
Net discount	3.11%	1.93%

Changes to the assumptions had a dramatic impact on the life expectancy and cost of rehabilitation of the landfill. This resulted in the provision being materially reduced in several ways. These included improved availability of information and management practices at the landfill. Furthermore, compliance issues were, of course, taken into account

The valuation of the landfill site was conducted by One Pangaea Financial, who are independent valuer, registered with the Engineering Council of South Africa. The municipality ascertained itself that the company had extensive experience in the valuation of landfill sites.

### 18. Revenue

#### Revenue arising from exchange transactions

Service charges	354 687	302 885
Rental of facilities and equipment	1 089 991	1 364 319
Interest received	2 323 601	2 403 116
Licences and permits	1 077 226	1 395 094
Services Rendered	42 508	39 603
Sundry revenue	367 609	1 372 200
	<b>5 255 622</b>	<b>6 877 217</b>

# Ntabankulu Local Municipality

Annual Financial Statements for the year ended 30 June 2017

## Notes to the Annual Financial Statements

Figures in Rand	2017	2016
<b>18. Revenue (continued)</b>		
Revenue arising from non-exchange transactions		
Taxation revenue		
Property rates	5 208 754	4 707 812
Transfer revenue		
Government grants & subsidies	208 811 355	195 599 252
Fines, Penalties	816 900	1 013 900
	<b>214 837 009</b>	<b>201 320 964</b>

### 19. Service charges

Refuse removal	354 687	302 885
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The amounts disclosed above for revenue from service charges are in respect of services rendered which are billed to the customers on a monthly basis. The tariffs are approved by council at the beginning of each financial year.

### 20. Rental of facilities and equipment

Rental Revenue from amenities	1 074 415	1 344 902
Rental Revenue from Halls	15 576	19 417
	<b>1 089 991</b>	<b>1 364 319</b>
	-	-
	-	-
	-	-

### 21. Property rates

#### Rates received

Property rates	5 208 754	4 707 812
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#### Valuations

Residential	408 198	372 375
Commercial	426 421	399 642
State	4 374 135	3 935 795
	<b>5 208 754</b>	<b>4 707 812</b>

Valuations on land and buildings are performed every 4 years. The last general valuation came into effect on 1 July 2014. Interim valuations are processed on an annual basis to take into account changes in individual property values due to alterations and subdivisions

The new general valuation was to be implemented by 01 July 2018, however as per directive from Co-operative Governance and Traditional Affairs it will be implemented on 01 July 2019.

In accordance with section 17(h) of the Municipal Properties Rates Act the first R15 000 of the market value of residential properties are exempted from assessment rates.

# Ntabankulu Local Municipality

Annual Financial Statements for the year ended 30 June 2017

## Notes to the Annual Financial Statements

Figures in Rand	2017	2016
<b>22. Government grants and subsidies</b>		
<b>Operating grants</b>		
Equitable share	93 327 000	98 512 000
Expanded Public Works Programme	1 221 382	1 031 000
DEDEAT	210 003	255 526
DSRAC	347 959	484 968
Precinct Plan Grant	204 284	192 684
Finance Management Grant	1 824 999	1 800 000
MSIG	-	930 000
Spatial Planning (ANDM)	-	100 000
	<b>97 135 627</b>	<b>103 306 178</b>
<b>Capital grants</b>		
Electrification Grant - INEP	41 999 999	39 400 000
Provincial Treasury Internal Streets	18 715 729	26 498 073
Municipal Infrastructure Grant	35 960 000	26 395 001
Cogta - Electrification	13 000 000	-
IEC Grant	2 000 000	-
	<b>111 675 728</b>	<b>92 293 074</b>
	<b>97 135 627</b>	<b>103 306 178</b>
	<b>111 675 728</b>	<b>92 293 074</b>
	<b>208 811 355</b>	<b>195 599 252</b>

### Conditional and Unconditional

Included in above are the following grants and subsidies received:

Conditional grants received	115 484 355	97 087 252
Unconditional grants received	93 327 000	98 512 000
	<b>208 811 355</b>	<b>195 599 252</b>

### MSIG

Balance unspent at beginning of the period	-	930 000
Conditions met - transferred to revenue	-	(930 000)
	-	-

Conditions still to be met - remain liabilities (see note 13).

The Municipal Systems Improvement Grant is allocated to municipalities to assist in building in-house capacity to perform their functions and to improve and mobilise municipal systems. There was no receipt in respect to the grant received in the 2016-17 financial year.

### DEDEAT

Balance unspent at beginning of the period	167 380	422 906
Current-year receipts	1 000 000	-
Conditions met - transferred to revenue	(210 003)	(255 526)
	<b>957 377</b>	<b>167 380</b>

Conditions still to be met - remain liabilities (see note 13).

This grant was received to assist in economic development within the Ntabankulu jurisdiction .

# Ntabankulu Local Municipality

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### 22. Government grants and subsidies (continued)

#### Extended Public Works Program

Balance unspent at beginning of the period	(1 755)	779 245
Current-year receipts	1 231 000	250 000
Conditions met - transferred to revenue	(1 221 382)	(1 031 000)
Other	-	-
	7 863	(1 755)

Conditions still to be met - remain liabilities (see note 13).

The grant is utilised for creation of job opportunities to the community in Ntabankulu jurisdiction in an effort to eradicate poverty and building capacity through skills program. No funds had been withheld.

#### Finance Management Grant - FMG

Balance unspent at beginning of the period	-	-
Current-year receipts	1 825 000	1 800 000
Conditions met - transferred to revenue	(1 825 000)	(1 800 000)
Other	-	-
	-	-

Conditions still to be met - remain liabilities (see note 13).

The Financial Management Grant is paid by National Treasury to municipalities to help implement the financial management reforms required by the Municipal Finance Management Act (MFMA), 2003. No funds had been withheld.

#### Free Basic Services Electricity

Balance unspent at beginning of the period	-	-
Current-year receipts	41 999 999	39 400 000
Conditions met - transferred to revenue	(41 999 999)	(39 400 000)
	-	-

Conditions still to be met - remain liabilities (see note 13).

The Electrification Grant is paid by National Treasury to municipalities to help in the development of electricity to the rural areas which do not electricity. No funds had been withheld

#### IEC Grant

Balance unspent at beginning of year	2 000 000	-
Current-year receipts	-	2 000 000
Conditions met - transferred to revenue	(2 000 000)	-
	-	2 000 000

Conditions still to be met - remain liabilities (see note 13).

The municipality received an amount of R2 000 000 from Independent Electoral Commission for the assistance in upgrading of rural roads in Ntabankulu jurisdiction

#### Municipal Infrastructure Grant - MIG

Balance unspent at beginning of the period	(1)	(1)
Current-year receipts	35 960 000	26 395 000
Conditions met - transferred to revenue	(35 959 999)	(26 395 000)

# Ntabankulu Local Municipality

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### 22. Government grants and subsidies (continued)

- (1)

Conditions still to be met - remain liabilities (see note 13).

The Municipal Infrastructure Grant (MIG) was allocated for the construction of roads, basic sewerage and other infrastructure as part of upgrading of poor households, micro enterprises and social institutions; to provide for new, rehabilitation and upgrading of municipal infrastructure. No funds have been withheld.

#### Precinct Plan Grant

Balance unspent at beginning of the period	270 433	463 117
Current-year receipts	-	-
Conditions met - transferred to revenue	(204 284)	(192 684)
	66 149	270 433

Conditions still to be met - remain liabilities (see note 13).

The Municipality received an amount from Alfred Nzo District Municipality for assistance in the data collection of community needs to be used as basis for future planning. No funds were withheld.

#### Department of Cooperative Governance & Traditional Affairs (COGTA)

Current-year receipts	13 000 000	-
Conditions met - transferred to revenue	(13 000 000)	-
	-	-

Conditions still to be met - remain liabilities (see note 13).

The Municipality received an assistance from the Department of Cooperative Governance and Traditional Affairs to speed up in electrification program within Ntabankulu jurisdiction.

#### Department of Sport Recreational Arts and Culture (DSRAC)

Current-year receipts	350 000	484 968
Conditions met - transferred to revenue	(347 959)	(484 968)
	2 041	-

Conditions still to be met - remain liabilities (see note 13).

The Municipality do receive funds from the Department of Sport & Recreation for the assistance in library services. No funds were withheld.

#### Provincial Treasury Internal Streets

Current-year receipts	18 715 729	26 498 073
Conditions met - transferred to revenue	(18 715 729)	(26 498 073)
	-	-

Conditions still to be met - remain liabilities (see note 13).

Provide explanations of conditions still to be met and other relevant information.

#### Spacial Planning

Current-year receipts	-	100 000
Conditions met - transferred to revenue	-	(100 000)

# Ntabankulu Local Municipality

Annual Financial Statements for the year ended 30 June 2017

## Notes to the Annual Financial Statements

Figures in Rand	2017	2016
<b>22. Government grants and subsidies (continued)</b>		
Conditions still to be met - remain liabilities (see note 13).		
Provide explanations of conditions still to be met and other relevant information.		
<b>23. Employee related costs</b>		
Basic	30 706 050	29 413 580
Bonus	2 874 509	2 415 938
Medical aid - company contributions	2 373 818	2 318 817
Standby allowance	268 703	232 338
Car allowance	3 803 620	3 306 295
Housing benefits and allowances	2 621 126	2 301 851
Contribution to Bargaining Council	14 838	14 034
Telephone Allowance	86 846	67 369
SDL	422 051	398 084
Provident Fund Contribution	4 155 396	3 340 738
UIF	266 040	260 102
Long Service Awards Paid	68 323	66 940
	<b>47 661 320</b>	<b>44 136 086</b>
Remuneration of municipal manager		
Remuneration of executive directors		
<b>24. Remuneration of councillors</b>		
Salaries and other Allowances	7 760 887	7 375 904
Motor Vehicle Allowance	2 045 749	2 065 127
	<b>9 806 636</b>	<b>9 441 031</b>
<b>25. Depreciation and amortisation</b>		
Property, plant and equipment	17 750 381	15 566 216
Intangible assets	14 349	31 797
	<b>17 764 730</b>	<b>15 598 013</b>
<b>26. Impairment of inventory</b>		
Impairments		
Land for resale	-	2 840
<b>27. Finance costs</b>		
Interest paid	306 634	2 145 027
<b>28. Debt impairment</b>		
Contributions to debt impairment provision	1 284 535	3 301 491

# Ntabankulu Local Municipality

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Figures in Rand	2017	2016
<b>29. General expenses</b>		
Advertising	916 516	728 031
Agriculture LED	358 960	140 679
Arts & Culture Strategic	274 218	-
Asset Valuation	1 061 482	449 659
Asset Write off	12 543 730	-
Audit Committee Expenses	393 403	145 507
Back to School	587 264	445 056
Bank charges	83 022	109 326
Business Support Strategic	-	233 843
Capacity Building	695 561	763 628
Community Halls	164 390	-
Completed Electrification write off	26 973 684	43 197 868
Consulting and professional fees	3 054 272	2 271 452
Council Support Administration	191 458	425 649
DEDEA Strategic	210 003	99 435
DSRAC Community	274 750	506 488
EPWP Community	2 811 177	1 866 384
Electricity expenses	749 837	662 498
Bad Debts write off	593 004	-
Entertainment	277 781	88 308
Expanded Public Works	1 203 695	1 067 782
Financial Management Grant Expenditure	1 646 375	1 408 007
Financial Management fees	3 706 428	989 042
General Valuation Roll	109 763	361 213
Hygienic Services Administration	754 682	231 786
IEC Grant Expenditure	49 653	-
IT expenses	921 128	306 606
Indigent Support	4 762 355	6 728 757
Insurance	1 156 947	525 218
Intergrated Development Plan	1 877 746	2 505 721
Internal Audit Expense	534 553	2 234 151
Land Use Management	-	106 574
Legal fees	790 499	966 129
Licence Fees	312 168	72 306
Living the dream	487 121	-
Marketing and Communication	809 778	949 823
Movement leave and bonus accruals	1 225 456	1 640 965
Municipal Systems Improvement	-	1 078 031
Occupational Health & Safety	526 519	406 994
Other expenses	355 058	677 906
Performance Management System expense	272 838	75 927
Post & Telecommunication expenses	3 807 055	2 787 643
Precinct Plan Expenses	204 284	169 021
Printing and stationery	1 091 296	371 885
Project Management	1 390 389	1 298 970
Public Amenities	96 404	245 268
Public Participation	287 943	39 895
Refuse	147 945	193 000
SALGA Levy	611 643	552 220
Security (Guarding of municipal property)	1 654 417	1 981 451
Solid Waste Management	780 507	154 819
Spatial Development expenses	122 965	404 648
Special Programs	391 136	1 058 369
Sports & Recreation	85 454	369 825
Tourism	110 240	276 062
Town Planning	107 032	-
Traffic Road & Safety	-	120 371
Travelling & Subsistence	6 293 621	4 605 786
Vehicle Fuel & Oil	1 039 575	887 546



# Ntabankulu Local Municipality

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Figures in Rand	2017	2016
<b>29. General expenses (continued)</b>		
Ward Committee Sitting	2 364 389	1 946 551
	<b>94 303 569</b>	<b>91 930 079</b>
<b>30. Auditors' remuneration</b>		
Fees	3 913 938	3 773 477
<b>31. Net Cash flow from operating activities</b>		
Surplus	42 511 562	35 121 691
<b>Adjustments for:</b>		
Depreciation and amortisation	17 764 730	15 598 013
Loss on disposal of assets	22 009	362 350
Completed Electrification project expensed	26 973 684	43 197 868
Acturial Gain/Loss	19 525	77 083
Fair value adjustments	(2 259 394)	-
Finance costs	306 634	2 145 027
Asset write off	12 543 730	-
Impairment Inventory	-	2 840
Allowance impairment	1 284 535	3 301 491
Decrease in Provision Landfil site	(503 333)	-
Contribution provisions- Leave and bonus	1 543 593	768 997
Bad debts write off	593 004	-
<b>Changes in working capital:</b>		
Inventories	(119 764)	(271 224)
Receivables from exchange and non exchange transactions	(1 842 455)	(3 248 789)
Long Service Awards	-	-
Payables from exchange transactions	1 796 627	6 283 339
VAT	1 570 690	649 724
Payables from non exchange transactions	235 752	1 883 265
Unspent conditional grants and receipts	(1 402 627)	1 316 868
Movement in Lease Liability	-	456 306
	<b>101 038 502</b>	<b>107 644 849</b>
<b>32. Commitments</b>		
<b>Authorised capital expenditure</b>		
<b>Authorised and contracted for</b>		
• Property, plant and equipment	37 808 453	63 389 376
• Prior Year adjustment	-	(4 438 777)
	<b>37 808 453</b>	<b>58 950 599</b>
<b>Total capital commitments</b>		
Authorised and contracted for	37 808 453	58 950 599
<b>Total commitments</b>		
<b>Total commitments</b>		
Authorised capital expenditure	37 808 453	58 950 599

This committed expenditure relates to property and will be financed by available bank facilities, retained surpluses, rights issue of shares, issue of debentures, mortgage facilities, existing cash resources, funds internally generated, etc.

# Ntabankulu Local Municipality

Annual Financial Statements for the year ended 30 June 2017

## Notes to the Annual Financial Statements

Figures in Rand			2017	2016
<b>33. Contingencies</b>				
Plaintiff/Applicant	Reference	Case Number	2017	2016
Droder Trading CC	(i)	627/12	625 000	685 000
Droder Trading CC	(ii)	628/12	525 000	585 000
Phumzile Ntintili	(iii)	968/12	175 000	220 000
Four Municipal Traffic Officers	(iv)	N/A	5 500	56 000
Somdaka Funeral Palour	(v)	N/A	70 000	315 000
SAMWU	(vi)	457/2015	3 696 278	3 816 278
Siphokazi Cekwana	(vii)	513/2015	6 950 000	7 150 000
Hlaliso Investments	(viii)	N/A	602 600	647 600
Avuyile Mnyangwana	(ix)	41/03/2016	-	25 000
Lindokuhle Khumalo and Siphelele Khumalo	(x)	06/2016	240 000	285 000
Lindokuhle Khumalo and Siphelele Khumalo	(xi)	B315/2015	240 000	265 000
Ingenious Information Systems	(xii)	N/A	279 833	294 833
Geo-Spatial Technologies	(xiii)	N/A	956 000	-
Mnikelo Maphuca	(xiv)	24/2017	-	-
Buyiselo Somacala	(xv)	38/2017	-	-
Mncedisi Ndoko	(xvi)	N/A	-	-
Lwandlulubomvu Community	(xvii)	852/2016	200 000	-
Fortymen Sigcawu	(xviii)	851/2016	200 000	-
South African Revenue Authority	(xix)	N/A	-	3 922 801
IMATU	(xx)	N/A	-	35 000
WildCoast Debt Collectors	(xxi)	4323/12	-	104 500
Brainwave Projects 848 CC	(xxii)	1019/13	-	665 000
Phumzile Ntintili	(xxiii)	883/12	-	270 000
			<b>14 765 211</b>	<b>19 342 012</b>

# Ntabankulu Local Municipality

Annual Financial Statements for the year ended 30 June 2017

## Notes to the Annual Financial Statements

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### 33. Contingencies (continued)

#### i. Drodar Trading CC vs NLM (Case number 627/12)

An Applicant entered in to an agreement with the first and the second Respondents, the agreement was that the Applicant will supply the second Respondent with the building material and the first Respondent will effect payment within 60 days or alternatively within a reasonable time upon presentation of the invoice. The Applicant complied with its obligations however, the first Respondent failed to effect payment within the agreed period.

#### ii. Drodar Trading CC vs NLM (Case number 628/12)

An Applicant entered in to an agreement with the first and the second Respondents, the agreement was that the Applicant will supply the second Respondent with the building material and the first Respondent will effect payment within 60 days or alternatively within a reasonable time upon presentation of the invoice. The Applicant complied with its obligations however, the first Respondent failed to effect payment within the agreed period..

#### iii. Phumzile Ntintili Vs NLM (Case number 968/12)

The plaintiff (P.Ntintili) entered into an alleged contract of employment with the defendant, wherein the defendant failed to perform as required by the contract

#### iv. Four Municipal Traffic Officers vs NLM (Case number: Not yet available)

Charges of assault were charged against four municipal officers by the driver who was driving without a valid driver's licence.

#### v. Somdaka Funeral Palour vs NLM (Case number: Not yet available)

NLM had entered into a lease agreement with Somdaka funeral parlour and eventually an offer to purchase the property was made between the parties. Mr Somdaka failed to pay the purchase price as per the agreement, as well as the rent.

#### vi. SAMWU vs NLM (Case number 457/2015)

Non-payment of the Provident fund

#### vii. Siphokazi Cekwana vs NLM (Case number: 513/2015)

The Municipality hosted an event on the 26<sup>th</sup> of March 2015 at Ntabankulu Sportsfield where Miss Siphokazi Cekwana was attending. It is alleged that at about 15h30 on that day a storm hit the area at which the event took place as a result of which the tent collapsed injuring Siphokazi Cekwana on the right foot.

#### viii. Hlalis Investments vs NLM (Case number: Not yet available)

NLM entered into an agreement with Hlalis Investments for the provision of Material for the building of the Hawker Stalls the contract was canceled due to poor performance. Hlalis Investments sent a letter to the Municipality challenging the cancellation of the contract.

#### ix. Avuyile Mnyangwana vs NLM (Case number 41/03/2016)

Mr Mnyangwana was awarded Municipal premises for business purposes. The unlawfully Sublette the premises to one Miss Ndesi who paid him a monthly rental amount of R3700 and when he was advised of his unlawful acts, he fraudulently wrote a letter evicting Miss Ndesi and the letter was as if it was written by the Municipality.

#### x. Lindokuhle Khumalo and Sipehelele Khumalo NLM (Case number: 06/2016)

The Khumalos are trading on the side walk next to Lewis Stores, they were informed of the unlawfulness of their actions but none the less continued to trade and as a result of that they were arrested and detained, they is now claim damages to the value of R200, 000.00

#### xi. Lindokuhle Khumalo and Sipehelele Khumalo vs NLM (Case number B315/2015)

The Khumalos are trading on the side walk next to Lewis Stores, they were informed of the unlawfulness of their actions but none the less continued to trade and as a result of that they were arrested and detained. On their release they went back to the

# Ntabankulu Local Municipality

Annual Financial Statements for the year ended 30 June 2017

## Notes to the Annual Financial Statements

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2016

### 33. Contingencies (continued)

same spot where they were advised that it was not open for business and continued to trade, when they were told once again that what they were doing was in contravention to our Municipal By-laws, they laid a charge they applied for a protection order against our Municipal Official for harassment.

#### xii. Ingenious Information Systems vs NLM (Case number : Not yet available)

We owed Ingenious Information Systems R254, 833.19 for their services rendered but which were disputed by the Municipality.

#### xiii. Geo-Spatial Technologies vs NLM (Case number: Not yet applicable)

The matter resulted from termination of the SLA between Geo-Spatial Technologies and NLM due to non-performance by Geo-Spatial Technologies. A letter inviting the Municipality to mediation was emailed on the 5th day of October 2016 from the Arbitration Foundation of South Africa.

#### xiv. Mnikelo Maphuca vs NLM (Case number: 24/2017)

The matter resulted from the impounding of the motor vehicle registered as CGL 157 EC which was used in the commission of a crime.

#### xv. Buyiselo Somacala vs NLM (Case number: 38/2017)

This matter resulted from the alleged blocking of the free access and movement of the applicant to and from his place of residence.

#### xvi. Mncedisi Ndoko vs NLM (Case number: Not yet applicable)

Alleged non-installation of electricity at the Applicant's homestead.

#### xvii. Lwandlulubomvu Community vs NLM (Case number: Not yet applicable)

This was a Land Claims Court interdict by the Community preventing the Municipality from developing land under a land claim in terms of the Land Rights Development Act, 1995.

### 34. Related parties

Transactions with related parties were concluded at arm's length. The following are the related transactions were tenders were awarded to bidders related to the employees of the municipality

#### Related party balances

#### Related party transactions

Solomon Matiwane : Director

Zamangwanya Trading Cc

27 500

44 850

# Ntabankulu Local Municipality

Annual Financial Statements for the year ended 30 June 2017

## Notes to the Annual Financial Statements

Figures in Rand

### 35. Executive Management Remuneration

June 2017

	Basic Salary	Contribution to UIF, Medical Aid and Pension Fund	Other Benefits	Total
S. Mankahla	708 467	152 017	276 877	1 137 361
Mr S Matiwane	539 828	1 785	459 675	1 001 288
Ms N Ndlaku	539 828	1 785	453 066	994 679
Mr S Nodo	466 265	75 348	439 120	980 733
	2 254 388	230 935	1 628 738	4 114 061

June 2016

	Basic Salary	Other benefits*	Pension paid or receivable	Total
S. Mankahla	746 481	160 509	163 071	1 070 061
Mr S Matiwane	570 501	336 250	2 022	908 773
Ms N Ndlaku	570 501	336 250	2 022	908 773
Mr S Nodo	492 324	336 250	80 209	908 783
	2 379 807	1 169 259	247 324	3 796 390

### 36. Prior period errors

Net prior year error adjusting the opening accumulated surplus is R3 642 181 as reflected on Statement of Changes net assets refer to Statement of changes in net assets.

Statement of Financial Performance	As previously reported	Correction of error	Restated	Reference
General Expenses	88 993 933	2 936 198	91 930 077	2
Actuarial gain/loss	-	77 083	77 083	-
Audit Committee Sitting Allowance	145 507	(145 507)	-	8
Auditors fees	3 427 281	346 196	3 773 477	12
Allowance for impairment	3 822 766	(521 275)	3 301 491	5
Depreciation & Amortisation	15 446 142	151 871	15 598 013	6
Rental of facilities and equipment	(927 639)	(436 680)	(1 364 319)	7
Government grants & subsidies	(196 035 932)	436 680	(195 599 252)	7
Repairs & Maintenance	1 741 177	567 836	2 309 013	10
	-	3 412 402	-	-

Statement of financial position	As previously reported	Correction of error	Restated	Reference
Payables from non-exchange transactions	(2 230 110)	(24 987)	(2 255 095)	1
Payables from exchange transactions	(12 457 695)	(2 094 964)	(14 552 659)	12
Accrued Expenses	(4 782 720)	4 782 720	-	12
Vat Receivable	10 538 212	(4 177 378)	6 360 882	3
Cash & Cash Equivalents	9 261 827	(830)	9 260 997	4
Receivables from exchange transactions	461 039	569 646	1 030 685	5
Provision	(3 290 987)	2 006 100	(1 284 887)	11
Property, Plant & Equipment	292 440 828	(1 017 090)	291 423 738	6
Investment Property	27 101 131	(7 097 800)	20 003 331	9
Opening Accumulated Surplus or Deficit	(254 832 361)	3 642 181	(248 156 174)	-
	-	(3 412 402)	-	-

# Ntabankulu Local Municipality

Annual Financial Statements for the year ended 30 June 2017

## Notes to the Annual Financial Statements

Figures in Rand

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### 36. Prior period errors (continued)

1. Payables from non exchange transactions was understated in the prior by R24 986 now corrected.
2. General Expenditure was understated in the prior year now corrected resulting in an increase in accumulated surplus by R2 867 719 and increased in general expenditure by the same amount. The actuarial gain of R77 083,00 was disclosed separately in compliance with disclosure requirements resulting in decrease in general expenditure by the same amount
3. Vat was adjusted due to vat assessment relating to prior years submissions which resulted in R4 177 378 disallowed and was recovered by SARS from the current receivable. This resulted in decrease in Vat receivable and increase in accumulated surplus.
- 4 The cash and cash equivalents was reduced by R830 resulting in decrease in accumulated surplus.
- 5 Sundry debtors which arose due to misallocations in the prior years was cleared.
6. Movable assets were adjusted resulting in increase in property, plant and equipment by R459 335 and increase in depreciation by R147 995.
7. Rental income from Public works was incorrectly classified under grants and a reclassification was done resulting in increase in rental income and decrease in Grant income by R436 680
8. Audit Committee allowance was disclosed separately prior year and on the statement of financial performance and it was reclassified to general expenditure
9. The Investment property was adjusted by writing off non municipal properties incorrectly recognised as municipal asset. This resulted reduction in investment property.
10. Work in Progress was overstated in the prior year as it included repairs and maintenance expenditure (operational expenditure). This resulted in reduction in Property Plant & Equipment and increase in Repairs and Maintenance by R567 836 .
- 11 Provision on landfill site had been adjusted due to incorrect estimates by the previous experts. The adjustment resulted in decrease in provision by R2 006 100
12. Accrued expenses of R4 782 720 were disclosed separately in prior year now disclosed under payables from exchange transactions. Furthermore the auditor's fees provision previously raised was written off resulting in decrease in payables from exchange transactions by R2 687 756 and increase in auditor's fee expense in the statement of financial performance by R346 196.

# Ntabankulu Local Municipality

Annual Financial Statements for the year ended 30 June 2017

## Notes to the Annual Financial Statements

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### 37. Risk management

#### Financial risk management

The Accounting Officer has overall responsibility for the establishment and oversight of the municipality's risk management framework. The municipality's risk management policies are established to identify and analyse the risks faced by the municipality to set appropriate risk limits.

Due to the largely non trading nature of activities and the way in which they are financed, municipalities are not exposed to the degree of financial risk faced by business entities. Financial Instruments play a much more limited role increasing or changing risks that would be typical of listed companies to which the IAS's mainly apply. Generally, Financial Assets and Liabilities are generated by day-to-day operational activities and are not held to manage the risks facing the municipality in undertaking its activities.

The Department Budget and Treasury monitors and manages the financial risks relating to the operations through internal policies and procedures. These risks include interest rate risk, credit risk and liquidity risk. Compliance with policies and procedures is reviewed by the internal auditors on a continuous basis, and annually by external auditors.

Internal audit, responsible for initiating a control framework and monitoring and responding to potential risk, reports periodically to the municipality's audit committee, an independent body that monitors the effectiveness of the internal audit function.

#### Significant Risks

It is the policy of the municipality to disclose information that enables the user of its Annual Financial Statements to evaluate the nature and extent of risks arising from Financial Instruments to which the municipality is exposed on the reporting date.

The municipality has exposure to the following risks from its operations in Financial Instruments:

- Credit Risk;
- Liquidity Risk; and
- Market Risk.

Risks and exposures are disclosed as follows:

#### Market Risk

Market Risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the municipality's income or the value of its holdings in Financial Instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

#### Credit Risk

Credit Risk is the risk of financial loss to the municipality if a customer or counter party to a Financial Instrument fails to meet its contractual obligations and arises principally from the municipality's receivables from customers and investment securities.

#### Liquidity Risk

Liquidity Risk is the risk that the municipality will encounter difficulty in meeting the obligations associated with its Financial Liabilities that are settled by delivering cash or another financial asset. The municipality's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the municipality's reputation.

Liquidity Risk is managed by ensuring that all assets are reinvested at maturity at competitive interest rates in relation to cashflow requirements. Liabilities are managed by ensuring that all contractual payments are met on a timely basis and, if required, additional new arrangements are established at competitive rates to ensure that cash flow requirements are met.

#### Liquidity risk

Ultimate responsibility for liquidity risk management rests with the Council, which has built an appropriate liquidity risk management framework for the management of the municipality's short, medium and long-term funding and liquidity management requirements. The municipality manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cashflows and matching the maturity profiles of financial assets and liabilities.

# Ntabankulu Local Municipality

Annual Financial Statements for the year ended 30 June 2017

## Notes to the Annual Financial Statements

Figures in Rand

### 37. Risk management (continued)

#### Credit risk

Credit Risk refers to the risk that a counter party will default on its contractual obligations resulting in financial loss to the municipality. The municipality has a sound credit control and debt collection policy and obtains sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The municipality uses its own trading records to assess its major customers. The municipality's exposure of its counter parties are monitored regularly.]

Potential concentrations of credit risk consist mainly of variable rate deposit investments, long-term receivables, consumer debtors, other debtors, bank and cash balances.

#### Investments/Bank, Cash and Cash Equivalents

The municipality limits its counter party exposures from its money market investment operations (financial assets that are neither past due nor impaired) by only dealing with First National Bank. No investments with a tenure exceeding twelve months are made.

#### Trade and Other Receivables

Trade and Other Receivables are amounts owed by consumers and are presented net of impairment losses. The municipality has a credit risk policy in place and the exposure to credit risk is monitored on an on going basis. The municipality is compelled in terms of its constitutional mandate to provide all its residents with basic minimum services without recourse to an assessment of creditworthiness. Subsequently, the municipality has no control over the approval of new customers who acquire properties in the designated municipal area and consequently incur debt for rates, water and electricity services rendered to them

There were no material changes in the exposure to credit risk and its objectives, policies and processes for managing and measuring the risk during the year under review. The municipality's maximum exposure to credit risk is represented by the carrying value of each financial asset in the Statement of Financial Position, without taking into account the value of any collateral obtained. The municipality has no significant concentration of credit risk, with exposure spread over a large number of consumers, and is not concentrated in any particular sector or geographical area.

Financial assets exposed to credit risk at year end were as follows:

Financial instrument	30 June 2017	30 June 2016
Receivables from exchange transactions	979 694	1 030 685
Receivables from non-exchange transactions	1 709 939	971 712
Cash and cash equivalents	1 594 928	9 260 997

#### Market risk

### 38. Unauthorised expenditure

Unauthorised expenditure (opening balance)	55 636 229	55 125 150
Unauthorised expenditure (Current year)	14 646 524	36 823 144
Less: Amount written off	(21 708 981)	(36 312 065)
	<b>48 573 772</b>	<b>55 636 229</b>

### 39. Fruitless and wasteful expenditure

Fruitless and wasteful expenditure (Opening balance)	1 025 355	7 347 061
Fruitless and wasteful expenditure (Current year)	95 636	1 025 355
Amount written off	(1 066 555)	(7 347 061)
	<b>54 436</b>	<b>1 025 355</b>



# Ntabankulu Local Municipality

Annual Financial Statements for the year ended 30 June 2017

## Notes to the Annual Financial Statements

Figures in Rand

### 40. Irregular expenditure

Opening balance	33 769 558	258 795 169
Add: Irregular Expenditure - current year	34 498 041	30 001 061
Less: Amounts written off by council	(10 455 001)	(255 026 672)
	<b>57 812 598</b>	<b>33 769 558</b>

Included in the current year irregular expenditure is expenditure of R34 498 041 (2016:R 30 001 061) for contracts which were procured before the year 2012 R10 201 792 (2016 : R 7 759 276.47). The municipality's filing system in those prior years was not adequate resulting some documents missing and all efforts to obtain such documents was done. Also included in the 2016 opening balance of R258 795 169 includes irregular incurred due to documents confiscated by hawks R17 502 241.71. The municipality has done all it can to get the documents back from the Hawks with no success. However in the current year there was no irregular expenditure incurred on documents confiscated by hawks as those contracts has come to an end.

### 41. Additional disclosure in terms of Municipal Finance Management Act

#### VAT

VAT receivable	4 790 192	6 360 882
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VAT output payables and VAT input receivables are shown in note .

All VAT returns have been submitted by the due date throughout the year.

# Ntabankulu Local Municipality

Annual Financial Statements for the year ended 30 June 2017

## Notes to the Annual Financial Statements

Figures in Rand

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### 42. Deviation from supply chain management regulations

Paragraph 12(1)(d)(i) of Government gazette No. 27636 issued on 30 May 2005 states that a supply chain management policy must provide for the procurement of goods and services by way of a competitive bidding process.

Paragraph 36 of the same gazette states that the accounting officer may dispense with the official procurement process in certain circumstances, provided that he records the reasons for any deviations and reports them to the next meeting of the and includes a note to the annual financial statements.

The following are deviations done during the 2016-17 financial year;

Supplier: Fundisile Diko

Description of goods; Hiring of backup refuse truck for refuse collection

Description of Deviation; This was an emergency as the waste around town should be collected timously, only one qoutation could be obtained

Amount: R26 600

Supplier: Z.X.S Tunzi

Description of goods; Unblock of municipal ablution facilities for refuse collection

Description of Deviation; This was an emergency as all ablution facilities were not working, however a service provider has been appointed for construction of ablution facilities and is currently on site

Amount: R3 500

Supplier: Alfred Nzo Community Radio

Description of goods; Interviews

Description of Deviation; Only one qoutation couldo be sourced as there are two radio station in the aflred ndzo, the other one could not provide us with the qoutation due to non-availability of space on air

Amount: R5 500

Supplier: Alfred Nzo Community Radio

Description of goods; 06 Live Reads for Announcement of SOMA

Description of Deviation; Only one qoutation could not be sourced as there are two radio station in the aflred ndzo, the other one could not provide us with the qoutation due to non-availability of space on air

Amount: R8 500



Province of the  
**EASTERN CAPE**  
LOCAL GOVERNMENT  
& TRADITIONAL AFFAIRS

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Enquiries: Ms N. Mguzulwa  
Ref. No : 8/3/1

Tel No. : 040-609 5450/5  
Fax No: 040-635 9042

**CIRCULAR**

**NO. 1 OF 2014 (MUNICIPAL ANNUAL REPORT)**

**TO: All Executive Mayors/Mayors**  
**CC: Speakers**  
**Municipal Managers**  
**Strategic Managers**  
**IDP/PMS Co-ordinators**

**RE: REQUEST FOR THE CONSIDERATION OF KEY PERFORMANCE INDICATORS  
IN THE DEVELOPMENT OF THE ANNUAL REPORT**

**PURPOSE**

The purpose of this communiqué is to request the Executive Mayors and Mayors of all municipalities to closely monitor the processes towards the development, tabling and adoption of municipal annual reports. This request is triggered by the poor quality reports that have been submitted by municipalities for 2012/13 financial year.

**BACKGROUND**

The department of Cooperative Governance and Traditional Affairs has noticed with concern the quality of annual reports that are developed by municipalities. This is largely as a result of guiding circulars from National Treasury which seem to focus mainly on financial reporting and



*Ikamva elizaqumbileyo!*

**RE: REQUEST FOR THE CONSIDERATION OF KEY PERFORMANCE INDICATORS  
IN THE DEVELOPMENT OF THE ANNUAL REPORT**

neglecting the performance information reflection, thereby denying the MEC for local government an opportunity to report on the performance of municipalities in terms of Section 47 of MSA.

The annual reports that are submitted by municipalities to the MEC for local government are developed in compliance with section 46 of MSA and chapter 12 of MFMA respectively.

The provincial department together with the National Department of Cooperative Governance developed indicators that seek to assist municipalities to provide information that will assist the MEC to report on municipal performance. All municipalities were work-shopped on these indicators for purposes of reporting on their performance. During the assessment of the reports for 2012/13 financial year it has been observed that municipalities have not taken these indicators into consideration when reporting hence their reports are lacking crucial performance information.

The following is the list of indicators that were agreed upon and on how the performance information should be populated:-

**Chapter: Organisational Transformation and Institutional Development –  
KPA 1**

**Annual performance as per key performance indicators in municipal transformation and organizational development**

	Indicator name	Total number of people (planned for) during the year under review	Achievement level during the year under review	Achievement percentage during the year	Comments on the gap
1	Vacancy rate for all approved and budgeted posts;	4	2	50%	4 positions were prioritised but only two filled.
2	Percentage of appointment in	6	4	66.6%	IDP Director & CFO



**RE: REQUEST FOR THE CONSIDERATION OF KEY PERFORMANCE INDICATORS  
IN THE DEVELOPMENT OF THE ANNUAL REPORT**

	Indicator name	Total number of people (planned for) during the year under review	Achievement level during the year under review	Achievement percentage during the year	Comments on the gap
	strategic positions (Municipal Manager and Section 57 Managers)				positions are vacant
3	Percentage of Section 57 Managers including Municipal Managers who attended at least 1 skill development training course within the FY	1	1	100%	One Director attended CPMD with Wits University and achieved
4	Percentage of Managers in Technical Services with a professional qualification	4	4	100%	No gap
5	Level of PMS effectiveness in the DM – (DM to report)	<p>Performance Management Policy as adopted by Council in May 2016 implemented to Directors, Managers and Officers. The PMS Policy is reviewed annually as the Municipality identifies gaps during its implementation.</p> <p>The institutional score card has been adopted by council in May 2016 which includes Integrated Development Plan priorities, service delivery and budget implementation plan 2016/2017 (SDBIP) and individual performance contracts and plans.</p> <p>Performance agreements 2016/2017 have been signed by all Directors and were submitted to Department of Local Government &amp; Traditional Affairs. Performance agreements for Managers reporting to Directors and Officers reporting to Managers have been signed. The 2015/2016 annual performance assessments have been conducted to all Directors and Managers and to finalise assessments of Officers. A report on annual assessments for 2015/2016 will be tabled to Audit Committee, Executive committee and Council. First, Second and third Quarter performance evaluations for 2016/2017 have been conducted.</p>			
6	Level of effectiveness of PMS in the LM – (LM to report)				



**RE: REQUEST FOR THE CONSIDERATION OF KEY PERFORMANCE INDICATORS  
IN THE DEVELOPMENT OF THE ANNUAL REPORT**

	Indicator name	Total number of people (planned for) during the year under review	Achievement level during the year under review	Achievement percentage during the year	Comments on the gap
		<p>Directorates develop their monthly plans and report monthly through management meetings. Monthly and Quarterly performance reports are submitted to PMS Unit for review before submission to Executive Management. Quarterly performance reports are submitted to PMS Unit, Internal Audit Unit for review, audit committee for further review and oversight, Council Standing Committees, Executive Committee and Council for oversight. Mid- year performance reporting and reviews have been done through Audit committee, Council Standing Committees and annual reporting and review have been done through the MPAC and adopted by the Council.</p>			
7.	Adoption and implementation of HRD plan including WSP	2016/2017 WSP was prepared, adopted and submitted to the LGSETA.			
8.	Percentage of staff that have undergone a skills audit (including competency profiles) within the current 5 year term	180	10	100%	The skills audit was conducted in a manner that all Directorates were presented by the Directors who were able to provide information on the training needs of their Directorates.
9	Percentage of councillors who attended a skill development training within the current 5 year term	34	9	100%	All Councillors have attended induction and are currently registered and attending Municipal Finance Management learnership with



**RE: REQUEST FOR THE CONSIDERATION OF KEY PERFORMANCE INDICATORS  
IN THE DEVELOPMENT OF THE ANNUAL REPORT**

	Indicator name	Total number of people (planned for) during the year under review	Achievement level during the year under review	Achievement percentage during the year	Comments on the gap
					LGSETA.
10	Percentage of staff complement with disability	1	0	0	The Municipality has not employed anymore people with disability; there is only one elementary staff member.
11	Percentage of female employees	77	53	68.83	Not all the vacancies were filled because of the financial constraints
12	Percentage of employees that are aged 35 or younger	35	41	117%	Planned 35 and achieved 41

**Chapter: Basic Service delivery performance highlights (KPA 2)**

**Annual performance as per key performance indicators in water services**

This part is the function of the Alfred Nzo District Municipality.

	Indicator name	Total number of household/customer expected to benefit	Estimated backlogs (actual numbers)	Target set for the FY under review (actual numbers)	Number of HH/customer reached during the FY	Percentage of achievement during the year
1	Percentage of households with	NA	NA	NA	NA	NA



**RE: REQUEST FOR THE CONSIDERATION OF KEY PERFORMANCE INDICATORS  
IN THE DEVELOPMENT OF THE ANNUAL REPORT**

	access to potable water					
2	Percentage of indigent households with access to free basic potable water	NA	NA	NA	NA	NA
3	Percentage of clinics with access to potable water	NA	NA	NA	NA	NA
4	Percentage of schools with access to potable water	NA	NA	NA	NA	NA
5	Percentage of households in formal settlements using buckets	NA	NA	NA	NA	NA

**Annual performance as per key performance indicators in Electricity services**

	Indicator name	Total number of household/customer expected to benefit	Estimated backlogs (actual numbers)	Target set for the f. year under review (actual numbers)	Number of HH/customer reached during the FY	Percentage of achievement during the year
1	Percentage of households with access to electricity services	26195	8 792	6839	6839	33,6%
2	Percentage of indigent households with access to basic electricity services	365	365	1 708	365	21
3	Percentage of indigent households	5 581	10 002	5 581	5 581	58





**RE: REQUEST FOR THE CONSIDERATION OF KEY PERFORMANCE INDICATORS  
IN THE DEVELOPMENT OF THE ANNUAL REPORT**

	with access to free alternative energy sources					
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**Annual performance as per key performance indicators in sanitation services**

This part is the function of the Alfred Nzo District Municipality.

	Indicator name	Total number of household/customer expected to benefit	Estimated backlogs (actual numbers)	Target set for the f. year under review	Number of HH/customer reached	Percentage of achievement during the year
1	Percentage of households with access to sanitation services	NA	NA	NA	NA	NA
2	Percentage of indigent households with access to free basic sanitation services	NA	NA	NA	NA	NA
3	Percentage of clinics with access to sanitation services	NA	NA	NA	NA	NA
4	Percentage of schools with access to sanitation services	NA	NA	NA	NA	NA

**Annual performance as per key performance indicators in road maintenance services**

	Indicator name	Total number of household/customer expected to benefit	Estimated backlogs (actual numbers)	Target set for the f. year under review (Actual numbers)	Number of HH/customer reached during the FY	Percentage of achievement during the year



**RE: REQUEST FOR THE CONSIDERATION OF KEY PERFORMANCE INDICATORS  
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1	Percentage of households without access to gravel or graded roads	26 195	16 562	1547	1547	6%
2	Percentage of road infrastructure requiring upgrade	11 225	9 372	IPD	IPD	0%;
3	Percentage of planned new road infrastructure actually constructed	3110	16 562	3110	3110	6%
4	Percentage of capital budget reserved for road upgrading and maintenance effectively used.	R500 000 000	342,650,000	14,323,120	14,323,120	2.8%

**Annual performance as per key performance indicators in waste management services**

	Indicator name	Total number of household/customer expected to benefit	Estimated backlogs (actual numbers)	Target set for the f. year under review	Number of HH/customer reached	Percentage of achievement during the year
1	Percentage of households with access to refuse removal services	26 195 households	25 867 households	643 households	328 households	8%
2	Existence of waste management plan	The municipality is implementing an Integrated Waste Management Plan (IWMP). The IWMP was reviewed and adopted by the Council and it was also submitted to the MEC for DEDEAT for gazetting.				



**RE: REQUEST FOR THE CONSIDERATION OF KEY PERFORMANCE INDICATORS  
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**Annual performance as per key performance indicators in housing and town planning services**

	Indicator name	Total number of household/customer expected to benefit	Estimated backlogs (Actual numbers)	Target set for the f. year under review	Number of HH/customer reached	Percentage of achievement during the year
1	Percentage of households living in informal settlements	0,0004	56	56	56	56
2	Percentage of informal settlements that have been provided with basic services	0	0	0	0	0
3	Percentage of households in formal housing that conforms to the minimum building standards for residential houses	90%	10%	100%	90%	90%
4	Existence of an effective indigent policy	<p><b>THE INFORMATION SHOULD BE REFLECTED IN A NARRATIVE FORM</b></p> <p>The Indigent Policy is reviewed every year before the beginning of the financial year. The current threshold for the qualifying indigent beneficiaries is R1500 per household. The municipality is subsidising the following services to the qualified indigent applicants:-</p> <ul style="list-style-type: none"> <li>• Electricity - 50kwt</li> <li>• Paraffin – 5L</li> <li>• Solar – maintenance</li> </ul>				



**RE: REQUEST FOR THE CONSIDERATION OF KEY PERFORMANCE INDICATORS  
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		<ul style="list-style-type: none"> <li>• Refuse collection – 50% rebate</li> <li>• Rates – 50% rebate</li> </ul>
5	Existence of an approved SDF	The SDF was developed and adopted by council in 2012. The SDF cover Environment, Tourism corridors, Nodal development zones and LED existing and proposed projects.
6	Existence of Land Use Management System (LUMS)	The land use scheme was adopted by council in 2012. This scheme consists of regulations, town planning register, zoning and land use plans.

**CHAPTER: MUNICIPAL LOCAL ECONOMIC DEVELOPMENT FRAMEWORK-  
(KPA 3)**

**Annual performance as per key performance indicators in LED**

	Indicator name	Target set for the year	Achievement level during the year (absolute figure)	Achievement percentage during the year
1	Existence of LED unit	7	5	71%
2	Percentage of LED Budget spent on LED related activities.	R1 020 000	R722 918.45	100%
3	Existence of LED strategy	The LED strategy has been adopted by the council in 2015/16 and is on its implementation.		
4	Number of LED stakeholder forum meetings held	4	3	75%
5	Plans to stimulate second economy	5	5	100%
6	Percentage of SMME that have benefited from a SMME support program	40	More than 40 SMME benefited from Catering, supply and delivery of services, joint venturing with developed	More than 100%



**RE: REQUEST FOR THE CONSIDERATION OF KEY PERFORMANCE INDICATORS  
IN THE DEVELOPMENT OF THE ANNUAL REPORT**

	Indicator name	Target set for the year	Achievement level during the year (absolute figure)	Achievement percentage during the year
			companies.	
7	Number of job opportunities created through EPWP	05	158	More than 100%
8	Number of job opportunities created through PPP	0	0	0

**Chapter: MUNICIPAL FINANCIAL VIABILITY AND MANAGEMENT (KPA 4)**

**Annual performance as per key performance indicators in financial viability**

	Indicator name	Target set for the year R(000)	Achievement level during the year R(000)	Achievement percentage during the year
1	Percentage expenditure of capital budget	100% (R112 965 591)	R102 082 826)	90%
		Target set for the year (35%) R(000)	Achievement level during the year R(000)	Achievement percentage during the year vs the operational budget
2	Salary budget as a percentage of the total operational budget	49% (R55 859 995)	R53 807 285	47%
		Target set for the year (20% or less) R(000)	Achievement level during the year R(000)	Achievement percentage during the year vs the actual revenue
3	Trade creditors as a percentage of total actual revenue	9% (R21 100 000)	4% (R8 087 985)	96%
		Target set for the year (80% and more) R(000)	Achievement level during the year R(000)	Achievement percentage during the year



**RE: REQUEST FOR THE CONSIDERATION OF KEY PERFORMANCE INDICATORS  
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4	Total municipal own revenue as a percentage of the total actual budget	8% (R18 286 627)	R16 065 070	7%
		Target set for the year R(000)	Achievement level during the year R(000)	Achievement percentage during the year
5	Rate of municipal consumer debt reduction	5% (R550 000)	R572 352	104%
6	Percentage of MIG budget appropriately spent	100%(R26 395 500)	R26 395 500	100%
7	Percentage of MSIG budget appropriately spent	R930,000	930,000	100%
8	AG Audit opinion	Unqualified Audit Opinion	Qualified Audit Opinion	80%
9	Functionality of the Audit Committee	04 meetings 2016/2017 scheduled for the sitting the Audit Committee	5 audit committee meetings sat in the financial year 2016/2017	125%
10	Submission of AFS after the end of financial year	31 August 2016	31 August 2016	100%

**Chapter: GOOD GOVERNANCE AND PUBLIC PARTICIPATION- (KPA 5)**

No	Indicator name	Target set for the year	Achievement level during the year (absolute figure)	Achievement percentage during the year
1	% of ward committees established	Ward committees were established in all 17 wards during the 2016/17 financial year. This programme was conducted after the 2016 local government elections held on the 3 <sup>rd</sup> August 2016. The programme was done in line with the Ward Committee	100%	100%



**RE: REQUEST FOR THE CONSIDERATION OF KEY PERFORMANCE INDICATORS  
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No	Indicator name	Target set for the year	Achievement level during the year (absolute figure)	Achievement percentage during the year
		Functioning Policy. The policy requires that the establishment of ward committees should cover the five year term of office for the new council.		
2	% of ward committees that are functional	Monitor and report on ward committees' performance	100%	100%
3	Existence of an effective system to monitor CDWs	The municipality does not have the effective system to monitor CDWs		
4	Existence of an IGR strategy	<p>Ntabankulu Intergovernmental Relations Strategy in line with Intergovernmental Relations Framework Act, Act 13 of 2005 was adopted by Council in 2012 with its clusters as follows:</p> <ul style="list-style-type: none"> <li>• Local Economic Development Cluster</li> <li>• Local Communications Forum Cluster</li> <li>• Institutional Development and Organizational Transformation Cluster</li> <li>• Community Services Cluster</li> <li>• Budget and Treasury Cluster</li> <li>• Basic Services Delivery Cluster</li> </ul> <p>Objectives and Functioning of the Intergovernmental Relations Cluster and its clusters are clearly outlined in the terms of reference adopted in 2015 by Ntabankulu Local Municipality as follows:</p> <ul style="list-style-type: none"> <li>• Coherent Planning and development</li> <li>• Coordination and alignment of the strategic and performance plans &amp; priorities; objectives and strategies of the municipality</li> <li>• Coordinating any matter of strategic importance which affects the interests of municipality's stakeholders</li> </ul>		
5	Effective of IGR structural meetings	<p>The Municipality's IGR structures are functional and sit on a regular basis per its Terms of Reference. The IGR structures sat four IGR Sessions in the financial year 2016/2017.</p> <p>However challenges were experienced in terms of representation of Sector Departments. This has resulted in lack of information circulating between the Municipality and Sector Departments and between the government institutions and community. The Municipality reviewed its IGR Terms of reference and were adopted by Council on the 27<sup>th</sup> May 2016 for implementation in the next financial year.</p>		
6	Existence of an effective communication strategy	The strategy was adopted in 2012 and is reviewed annually. The strategy consist of action plan, mediums of communication and communication levels.		
7	Number of mayoral imbizos	2 IDP Outreach Programmes	2 IDP Outreach	100%



**RE: REQUEST FOR THE CONSIDERATION OF KEY PERFORMANCE INDICATORS  
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No	Indicator name	Target set for the year	Achievement level during the year (absolute figure)	Achievement percentage during the year
	conducted		Programmes conducted	
8	Supply Chain Management	<p>Supply Chain Management unit is operational, and the Supply Chain Policy has been reviewed and adopted by the Council on 30th of May 2015. The Supply chain unit is established and fully functional with all the Bid Committees functional.</p> <p>The Municipality complies with the SCM policy and with the legislations, circulars and gazette. The procurement plan has been developed for 2015/2016.</p> <p>The document management is being improved. Awards above R30 000 were reported to Council and National Treasury on quarterly basis. The data base is updated timeously on an electronic supply data base system.</p> <p>The Municipality does not have any long term contract awarded during the current financial year. The procedure manual has been reviewed and will be tabled to the Management for comments. The training for the Supply Chain practitioners is budgeted for and will be carrying out during the 2016/2017 financial year.</p>	8	Supply Chain Management
9	FREE BASIC SERVICES AND INDIGENT SUPPORT	<p>The indigent policy was reviewed and adopted by the Council in May 2015, the policy is at implementation stage with 365 beneficiaries on electricity, 5 581 beneficiaries on alternative energy (paraffin) and 203 for solar energy. The indigent steering Committee being constituted of traditional leaders, Budget and Treasury Port Folio Head, Ward Committee, Community Development Workers and two additional community members, has been established with the main purpose of verifying the list of indigent applications and recommending the indigent register to the Council for</p>	9	FREE BASIC SERVICES AND INDIGENT SUPPORT





**RE: REQUEST FOR THE CONSIDERATION OF KEY PERFORMANCE INDICATORS  
IN THE DEVELOPMENT OF THE ANNUAL REPORT**

No	Indicator name	Target set for the year	Achievement level during the year (absolute figure)	Achievement percentage during the year
		approval		
10.	Existence of a fraud prevention mechanism	Fraud and corruption prevention policy has been developed and submitted to Cogta for inputs and comments; the policy was tabled to the EXCO, Audit Committee and to Council for approval on the 27 May 2016.		

It should also be noted that in November 2013 a circular letter was written to all municipal managers requesting them to consider incorporating these above key performance indicators to enable the annual reports to reflect on the performance information. Unfortunately this has not been considered and this resulted in the annual reports of municipalities lacking crucial performance information.

As the political head of the department I wish to request your good selves to pay close attention to the quality of the information that is provided in the reports before the adoption of annual reports. I also wish to draw your attention to the fact that these reports are the basis for me and the Minister to develop quality consolidated reports on the performance of municipalities within a financial year as stipulated in sections 47 and 48 of MSA respectively.

**RECOMMENDATION**

It is recommended that when municipalities develop their annual reports in accordance with circular 63, they should also consider reflecting performance information based on the indicators as advised herein. I humbly all Executive Mayors and Mayors request as political leaders in the local space, to ensure before signing off the annual reports, that these reports contain the information required in terms of the Key Performance Indicators.

Yours in Cooperative Governance

\_\_\_\_\_  
**F.D. Xasa**  
**Member of the Executive Council**  
**Department of Local Government & Traditional Affairs**

Date: \_\_\_\_\_



The first part of the paper discusses the importance of the research and the objectives of the study. It then presents a literature review of the existing research on the topic. The methodology section describes the research design and the data collection process. The results section presents the findings of the study, and the conclusion section summarizes the main findings and provides recommendations for future research.

The study was conducted in a laboratory setting, and the data were collected using a series of experiments. The results of the experiments were analyzed using statistical methods, and the findings were compared with the results of previous studies. The study found that the research objectives were achieved, and the results were consistent with the findings of previous research.

The study also found that there are several factors that influence the results of the research. These factors include the experimental design, the data collection process, and the statistical methods used to analyze the data. The study provides recommendations for future research, including the need for more rigorous experimental design and the use of more advanced statistical methods.

In conclusion, the study found that the research objectives were achieved, and the results were consistent with the findings of previous research. The study also found that there are several factors that influence the results of the research, and it provides recommendations for future research.



AUDITOR GENERAL  
SOUTH AFRICA

Auditing build public confidence

# **Ntabankulu Municipality**

## **Audit Report**

For the year ended 30 June 2017

# Report of the auditor-general to the Eastern Cape Provincial Legislature and the council on the Ntabankulu Local Municipality

## Report on the audit of the financial statements

### Opinion

1. I have audited the financial statements of the Ntabankulu Local Municipality set out on pages XX to XX, which comprise the statement of financial position as at 30 June 2017, the statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget and actual amounts for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Ntabankulu Local Municipality as at 30 June 2017, and its financial performance and cash flows for the year then ended in accordance with the South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Municipal Finance Management Act of South Africa, 2013 (Act No. 56 of 2003) (MFMA) and the Division of Revenue Act, 2016 (Act No. 3 of 2016) (DoRA).
3. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the auditor-general's responsibilities for the audit of the financial statements section of this report.
4. I am independent of the municipality in accordance with the International Ethics Standards Board for Accountants' *Code of ethics for professional accountants* (IESBA code) together with the ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

### Emphasis of matters

6. I draw attention to the matters below. My opinion is not modified in respect of these matters.

### Restatement of corresponding figures

7. As disclosed in note 36 to the financial statements, the corresponding figures for 30 June 2016 have been restated as a result of errors in the financial statements of the municipality at, and for the year ended, 30 June 2017.

### Irregular expenditure

8. As disclosed in note 40 to the financial statements, irregular expenditure of R34,5 million was incurred, as the Supply Chain Management (SCM) Regulations were not complied with.

### Unauthorised expenditure

9. As disclosed in note 38 to the financial statements, unauthorised expenditure of R14,6 million was incurred due to the under-budgeting of non-cash items.

### Fruitless and wasteful expenditure

10. As disclosed in note 39 to the financial statements, the municipality incurred fruitless and wasteful expenditure of R96 000 due to interest and penalties on the late payment of suppliers.

### Other matter

11. I draw attention to the matter below. My opinion is not modified in respect of this matter.

### Unaudited disclosure notes

12. In terms of section 125(2)(e) of the MFMA the municipality is required to disclose particulars of non-compliance with the MFMA in the financial statements. This disclosure requirement did not form part of the audit of the financial statements and accordingly I do not express an opinion thereon.

### **Responsibilities of the accounting officer for the preparation of the financial statements**

13. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with the SA Standards of GRAP and the requirements of the MFMA and DoRA and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
14. In preparing the financial statements, the accounting officer is responsible for assessing the municipality's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the accounting officer intends to either liquidate the municipality or cease operations, or has no realistic alternative but to do so.

### **Auditor-general's responsibilities for the audit of the financial statements**

15. My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually

or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

16. A further description of my responsibilities for the audit of the financial statements is included in the annexure to the auditor's report.

## Report on the audit of the annual performance report

### Introduction and scope

17. In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA) and the general notice issued in terms thereof, I have a responsibility to report material findings on the reported performance information against predetermined objectives for selected development priorities presented in the annual performance report. I performed procedures to identify findings but not to gather evidence to express assurance.
18. My procedures address the reported performance information, which must be based on the approved performance planning documents of the municipality. I have not evaluated the completeness and appropriateness of the performance indicators included in the planning documents. My procedures also did not extend to any disclosures or assertions relating to planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.
19. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected development priorities presented in the annual performance report of the municipality for the year ended 30 June 2017:

Development priorities	Pages in annual performance report
KPA 1: basic services and infrastructure	x – x
KPA 3: local economic development	x – x

20. I performed procedures to determine whether the reported performance information was properly presented and whether performance was consistent with the approved performance planning documents. I performed further procedures to determine whether the indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
21. I did not raise any material findings on the usefulness and reliability of the reported performance information for the following development priorities:
- Basic services and infrastructure
  - Local economic development

## **Other matters**

22. I draw attention to the matters below.

### **Achievement of planned targets**

23. Refer to the annual performance report on pages x to x and x to x for information on the achievement of planned targets for the year and explanations provided for the under- or overachievement of a number of targets.

### **Adjustment of material misstatements**

24. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were on the reported performance information of basic services and infrastructure as well as local economic development. As management subsequently corrected the misstatements, I did not raise any material findings on the usefulness and reliability of the reported performance information.

## **Report on the audit of compliance with legislation**

### **Introduction and scope**

25. In accordance with the PAA and the general notice issued in terms thereof, I have a responsibility to report material findings on the compliance of the municipality with specific matters in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance.
26. The material findings in respect of the compliance criteria for the applicable subject matters are as follows:

### **Budgets**

27. Reasonable steps were not taken to prevent unauthorised expenditure amounting to R14,6 million, as disclosed in note 38 to the annual financial statements, in contravention of section 62(1)(d) of the MFMA.

### **Annual financial statements**

28. The financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of section 122 of the MFMA. Material misstatements of disclosure items identified by the auditors in the submitted financial statements were subsequently corrected, resulting in the financial statements receiving an unqualified audit opinion.



## Procurement and contract management

29. Some contracts were awarded to bidders who did not submit a declaration on whether they are employed by the state or connected to any person employed by the state, as required by SCM regulation 13(c). Similar non-compliance was also reported in the prior year.
30. Some quotations were accepted from bidders whose tax matters had not been declared by the South African Revenue Service to be in order, in contravention of SCM regulation 43.
31. Competitive bids were not always evaluated by bid evaluation committees composed of officials from the departments requiring the goods or services, as required by SCM regulation 28(2).
32. Competitive bids were adjudicated by a bid adjudication committee that was not composed in accordance with SCM regulation 29(2).
33. The performance of some contractors or providers was not monitored on a monthly basis, as required by section 116(2)(b) of the MFMA.
34. The contract performance and monitoring measures and methods were insufficient to ensure effective contract management, in contravention of section 116(2)(c) of the MFMA.
35. Awards were made to providers who were in the service of other state institutions or whose directors / principal shareholders were in the service of other state institutions, in contravention of section 112(j) of the MFMA and SCM regulation 44. Similar awards were identified in the previous year and effective steps had not been taken to prevent or combat the abuse of the SCM process, as required by SCM regulation 38(1).

## Expenditure management

36. Effective steps were not taken to prevent irregular expenditure amounting to R34,5 million, as disclosed in note 40 to the annual financial statements, as required by section 62(1)(d) of the MFMA. The majority of the irregular expenditure related to non-compliance with the SCM Regulations.
37. Effective steps were not taken to prevent fruitless and wasteful expenditure amounting to R96 000, as disclosed in note 39 to the annual financial statements, in contravention of section 62(1)(d) of the MFMA.

## Consequence management

38. Allegations of financial misconduct against senior managers were not always tabled before the council, as required by disciplinary regulation for senior managers 5(2).
39. Allegations were not always investigated, as required by disciplinary regulation for senior managers 5(3) and section 171(4) of the MFMA.

## Other information

40. The accounting officer is responsible for the other information. The other information comprises the information included in the annual report, which includes the audit committee's report.
41. The other information does not include the financial statements, the auditor's report thereon and those selected development priorities presented in the annual performance report that have been specifically reported on in the auditor's report.
42. My opinion and findings do not cover the other information and I do not express an audit opinion or any form of assurance conclusion thereon.
43. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the selected development priorities presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
44. I did not receive the other information prior to the date of this auditor's report. When I do receive and read this information, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, I may have to retract this auditor's report and re-issue an amended report as appropriate, however, if it is corrected this will not be necessary.

## Internal control deficiencies

45. I considered internal control relevant to my audit of the financial statements, reported performance information and compliance with applicable legislation; however, my objective was not to express any form of assurance thereon. The matters reported below are limited to the significant internal control deficiencies that resulted in the findings on compliance with legislation included in this report.
  - Leadership did not adequately implement the action plan to address prior year audit findings in respect of compliance with laws and regulations. As a result, the internal control deficiencies were not adequately addressed and resulted in repeat findings. In addition, leadership had not initiated consequence management for the financial misconduct finding relating to the prior financial year.
  - The appropriate level of management did not adequately monitor compliance with internal policies and procedures, laws and regulations to prevent any non-adherence. As a result, the necessary corrective action was not implemented to ensure that non-compliance was avoided.
  - Adequate internal controls had not been implemented over the monthly financial and performance reporting processes, including year-end reporting, as a number of disclosures in the financial statements were dependent on manual reconciliations and schedules at year<sup>1</sup>-end. This led to material misstatements in the disclosure items, which were subsequently corrected.

- The municipality did not have adequate systems in place to monitor compliance with all applicable legislation, as recurring findings on procurement and contract management were raised in the financial year under review. Non-compliance with legislation could have been prevented had compliance been properly reviewed and monitored. In addition, fully effective steps were not taken to prevent and detect the incurrence of irregular expenditure.
- Although the internal audit unit and audit committee executed their legislative mandate during the financial year under review, the municipality had recurring material findings on compliance. This was as a result of leadership not responding adequately to recommendations made by the internal audit unit as well as the audit committee.

#### Other reports

46. I draw attention to the following engagement conducted by a party that had, or could have, an impact on the matters reported in the Ntabankulu Local Municipality's financial statements, reported performance information, compliance with applicable legislation and other related matters. These reports did not form part of my opinion on the financial statements or my findings on the reported performance information or compliance with legislation.

#### Investigations

47. The Mayor requested that an investigation be conducted by the South African Police based on the allegation of possible theft of paraffin. The investigation was taken over by the Hawks and is still ongoing at 30 November 2017.

*Auditor-General*

East London

30 November 2017



AUDITOR-GENERAL  
SOUTH AFRICA

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## **Annexure – Auditor-general's responsibility for the audit**

As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the financial statements, and the procedures performed on reported performance information for selected development priorities and on the municipality's compliance with respect to the selected subject matters.

### **Financial statements**

In addition to my responsibility for the audit of the financial statements as described in the auditor's report, I also:

- identify and assess the risks of material misstatement of the financial statements whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the municipality's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the accounting officer.
- conclude on the appropriateness of the accounting officer's use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the municipality and its ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify the opinion on the financial statements. My conclusions are based on the information available to me at the date of the auditor's report. However, future events or conditions may cause a municipality to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

### **Communication with those charged with governance**

I communicate with the accounting officer regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also confirm to the accounting officer that I have complied with relevant ethical requirements regarding independence, and communicate all relationships and other matters that may reasonably be thought to have a bearing on my independence and, where applicable, related safeguards.

# **OVERSIGHT REPORT 2016/2017**



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## **REPORT OF THE MUNICIPAL PUBLIC ACCOUNTS COMMITTEE**

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**OVERSIGHT REPORT ON THE ANNUAL REPORT FOR THE FINANCIAL YEAR  
ENDING 30 JUNE 2017**

**JANUARY 2018**

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## 1. ACRONYMS

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AG	Auditor-General
NLM	Ntabankulu Local Municipality
FY	Financial Year
IDP	Integrated Development Plan
LED	Local Economic Development
MPAC	Municipal Public Accounts Committee
M & E	Monitoring and Evaluation
MIG	Municipal Infrastructure Grant
MFMA	Municipal Finance Management Act
EXCO	Executive Committee
NDP	National Development Plan
NKPA	National Key Performance Areas
OCA	Operation Clean Audit
PMS	Performance Management System
SDBIP	Service Delivery Budget Implementation Plan
SPU	Special Programmes Unit
SMME	Small Micro Medium Enterprises

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The aim for making MPAC meeting open to the public was to ensure that the MPAC subscribed to transparent and credible oversight process when considering the annual report, and dates for MPAC meetings to consider the Annual Report are indicated below:

- (i) 06 October 2017,
- (ii) 16 & 17 October 2017
- (iii) 17<sup>th</sup> January 2018
- (iv) 29<sup>th</sup> January 2018

Moreover, the 2016/17 Annual Report was subjected to community consultation process during public hearings held on the 22 and 23 January 2017 respectively. During public hearings, the members of public, ward councilors and ward committees of Ntabankulu Local Municipality were engaged in various wards about the projects undertaken during the year under consideration, specifically focusing on high value projects. In addition, copies of the Draft 2016/17 Annual Report were made available in public places for inspection, in areas such as the Reception, Ntabankulu Local Municipal Offices, Erf 85 Main Street, Ntabankulu and additional copies were placed at the municipal library and Traffic Department of Ntabankulu and also on the municipal website.

The Municipal Public Accounts Committee appreciated the improvements in the municipality's performance with particular reference to areas such as predetermined IDP objectives and annual financial statements, as reflected in the Auditor-General's Report. The committee also treasured the improved overall performance of the municipality, which was at 77%, and decreased with 1% when compared to 78% of the previous financial year). As indicated in this Oversight Report, the MPAC has also raised concerns on a number of issues that require immediate intervention by the Council.

It must be acknowledged that the work of MPAC requires dedicated staff personnel and remains unresolved with other required material resources, including, but not limited to, the office space and budget. This will assist the MPAC to execute its duties and apply its due diligence when exercising oversight on behalf of council more optimally. Together with my fellow MPAC members, I hereby request that the Council Support Unit must be supported by the Legal Advisor, who will at least be trained on management of MPAC activities, including the development of MPAC Oversight Reports.



The management has to timeously seek dire support from both the Auditor-General and the Provincial Treasury in order to maintain the momentum for the performance continuum on financial management and provision of services.

**COUNCILLOR B.Z. NDAMASE**  
**CHAIRPERSON**

The 2016/2017 Annual Report [draft] was submitted to Council in time, as a working document, on the 31 August 2017 and owing to timeous finalization of the Consolidated Annual Financial Statements' audit opinion.

## 5. THE PURPOSE OF OVERSIGHT REPORT

The Oversight report is an important instrument aimed to comprehend with the accountability framework for the municipalities in order to correctly understand the role of the Oversight Report against the Annual Report and any other reports of the municipality that are presented to the attention of the Council.

It is important to understand that the oversight function of Council over the executive and administration is not an event, but rather a process that unfolds throughout the course of the financial year for checks and balances. Consequently, the effectiveness of oversight by the leadership over administration would be gauged by continuous improved performance of the municipality. The oversight as a function occurs at various levels in the municipality as outlined in the table below:

### *Accountability Framework for Local Government*

	Responsible for	Oversight over	Accountable to
Council	Approving policies, IDP and budget	Mayor & EXCO	Community
Mayor	Policy, budgets, service delivery outcomes and Management of or oversight over Municipal Manager	Municipal Manager	Council
Municipal Manager	Outputs and implementation of policies and SDBIP	The Administration	Mayor
CFO and Senior Managers	Outputs and implementation of SDBIP	Financial Management and Operational Functions	Municipal Manager

Source: SALGA Guidelines on MPAC Terms of Reference

The Council, as a norm, approved the IDP, budget and SDBIP. The SDBIP serves as a linkage between the strategic goals, set by the council through the integrated development plan (IDP) that are translated into the budget, and the delivery of those goals, and successively reported in the annual report.

The Council meeting of the 29<sup>th</sup> August 2016 established the MPAC as a mechanism to enable all councillors and the members of public to fully digest and discuss the annual report contents.

With reference to National Treasury: MFMA Circular No. 32 dated 15 March 2006, the role of MPAC is to analyze and review quarterly, half-year and annual reports in details and recommend to Council on whether to adopt or reject the quarterly, half-year or annual report.

Key to this role is ensuring that the executive and administration are held accountable for their actions and performance for the entire municipality.

The MPAC is made up of five non-executive councillors as indicated in the table below:

Name of Committee Member	Designation / Representing
1. B.Z. Ndamase	Councillor (Chairperson)
2. E. N. Diko	Councillor
3. T. Lubisi	Councillor
4. M. Mkhandaniso	Councillor
5. N. Sithunzi	Councillor

The MFMA assumes a separation of roles and functions between councillors serving on the executive (i.e. executive committee) and non-executive councillors.

This separation is imperative to ensure that the council maintains oversight for the performance of specific responsibilities and delegated powers to the mayor or executive committee.

function started immediately and was intensified after the presentation of the *Management Report* by the mayor, during the Special Council meeting held on the 05<sup>th</sup> December 2017 and the oversight function was concluded within the timeframe on the 29 January 2018, but before the 30<sup>th</sup> March 2018. This deadline followed the tabling of the *Audited Annual Report and Annual Financial Statements* by the Auditor-General of South Africa to the Ordinary Council Meeting held on the 24<sup>th</sup> January 2018. The MPAC had played oversight and assessed the *Unaudited Annual Report* as it was tabled by the mayor to Council on the 31<sup>st</sup> August 2017. The Accounting Officer made public the Unaudited Annual Report on an advertisement, which was placed in the *Daily Dispatch*, a provincial newspaper published on the 11<sup>th</sup> September 2017.

The advert was meant to publicize the availability of the annual report and served to invite public comments and/or objections on the annual report within 21 days. The copies of the Annual Report were circulated and made available at the Reception, Ntabankulu Local Municipal Offices, Erf 85 Main Street, Ntabankulu and additional copies were placed in the library, business licensing and traffic municipal buildings of Ntabankulu.

At the closing date for public comments and/or objections, the 9<sup>th</sup> October 2017, no written public comments and/or representations received as the legislation prescribes. Furthermore, the MPAC drew an itinerary and visited thirteen (12) high value projects that were reported as completed projects in the annual report, including five access roads, one community halls and six electrification projects. The verbal comments from the benefiting communities were received during the public hearings and summarized in item 8 below.

During the assessment of the Annual Report, the Acting Municipal Manager appeared before the Committee to provide an account of the information contained in the Annual Report. Moreover, the Acting Municipal Manager provided the committee with additional information and progress report on the development and implementation of *Management Audit Action Plan* (see *Annexure A*).

The minutes of all MPAC meetings wherein the Annual Report was discussed are attached as formal record of the proceedings in accordance with the provisions of section 129 (2)(b) of the Municipal Finance Management Act (see *Annexure B*).

The Accounting Officer further presented the Management Audit Action Plan, something which was done per directorate/ division as against the available information.

Furthermore, the committee requested for additional information and comments on the annual report from the Acting Municipal Manager with particular reference to areas of concern as raised by Auditor-General in the in the audit report of the financial year under consideration.

## **8. SUMMARY OF COMMENTS RECEIVED FROM THE COMMUNITY**

On the 22 and 23 January 2018, the MPAC visited the projects that were undertaken by the municipality in various wards for purposes of assessment and evaluation in order to check the quality and value for money against the actual work reflected in the annual report. During the projects visit the MPAC also met with the members of the community [project beneficiaries] to establish their level of satisfaction with regard to the projects against their initial needs for the programmes.

The following projects were selected for MPAC site visits and public comments were received thereon, as follows:

### **8.1. Madwakazana Accesses Road**

The committee visited the project mentioned above. The community appreciated the road, stating that the road had tremendously changed their living conditions because the community is easily accessing government services, including the town even when it rains. The committee observed that the approved scope of the project was 13km and was to be constructed into two phases. The first phase was to be constructed during 2016/2017 with the distance of 6.5km and, the second phase will be constructed during 2017/2018 with the distance of 6.5km. The community members indicated their satisfaction with the quality of the road. The committee observed that the road was at 95% complete, because there is still water drainage pipe that is blocked as its of small size and requires to be attended to.

#### **8.4. Gogo-Matha Access Road**

The MPAC visited the project mentioned above. The committee observed that the project was completed in accordance with the annual report, but the community members indicated their dissatisfaction with the quality of the road, citing the drainage system and the bridge that were poorly constructed. The bridge is low laying something that causes water to cover it when the river is flooded. The other challenge raised by the community was that the dish drain, which is next to residential sites, has been poorly constructed without the outlet. The gravelling material used on the road is very rough and not compacted with roller machine. The committee noted that the storm water drainage does not accommodate high volume of flooding water. The community member viewed the road not serving the intended purpose.

It was indicated that the road will be washed out quickly although it is accessible at the present moment and indeed improved the lives of the communities it serves, except the noted concerns that were reported to the municipality.

The committee recommended that the management must indicate the completion percentage on progress report for the targets disclosed in the annual report. This must include both targets reported as not achieved or achieved in the quarterly and/or annual performance report.

#### **8.5. Mhlonyaneni Electrification**

The MPAC visited the Mhlonyaneni Electrification Project. The committee observed the project and noticed that there were loose cable wires hanging around which then makes the project incomplete. However, the community is concerned about the contractor which vacated the site. The MPAC recommends that Eskom should quickly install the electricity in order to complete the scope of work for the project.

#### **8.8. Mngeni-Drayini Electrification**

The MPAC visited the Mngeni-Drayini Electrification Project. The committee noted that the project was complete without challenges. The committee noted that there were no defects reported by the project steering committee (PSC), except that there seven new households required to be attended as infills for house connections, something that need urgent attention by the municipality and ESKOM. The community appreciated the project and sighted that it has improved their living conditions.

#### **8.9. Dungu Community Hall**

The MPAC visited Dungu Community Hall. The committee met the community that had appreciated the project, which has been renovated. The members of the community appreciated the project of renovations done in the community hall. It was indicated that only the connection of the electricity that has not been installed in the hall although the hall is properly working.

The scope of work included the fixing of new tiles and ceiling board installation. The MPAC recommends that the municipality should quickly install the electricity in order to complete the scope of work for the project. There are two water jojo tanks installed, as a way to harvest novel water from the rain for potential use by community when using the public facilities that are well constructed. The committee observed that the project was complete.

#### **8.10. Tonti Electrification**

The MPAC visited the Tonti

Electrification Project. The committee observed that the project was complete, but noted that there are some households that are not enjoying the service because meter numbers are not registered to ESKOM. The problem has been reported to both the municipality and Eskom. The committee noted that there were no technical defects reported by the project steering committee (PSC), except the households that are not enjoying the service, something that is being attended to by both the municipality and Eskom. The community appreciated the project and indicated that it has indeed changed their living conditions. The

# COMMITTEE DELIBERATIONS AND RECOMMENDATIONS ON THE ANNUAL REPORT

Performance Area	Issue	Recommendation
Annual Financial Statements	The Committee wanted assurance on completion and submission of Annual Financial Statements for audit purposes.	<p>The MPAC noted that the AFS were fairly presented in all material respect; being GRAP compliant and also met the requirements of MFMA and DoRA. The committee used AG's report and Audit Committee Report for assurance on AFS performance. The Audit Committee Report presented to the Council held on the 5<sup>th</sup> December 2017 was used as the referral document and assurance on the AFS compliance to the legislation. The committee noted that the AFS were submitted in time to the AGSA for audit purposes.</p> <p>The MPAC further admired the municipality for the period of submitting the annual financial statements (AFS) report to AGSA for audit purposes. Furthermore, the committee resolved to consider the AGSA's Report and observed that there were no qualifications for 2016/17 expressed by AG, compared to six qualifications paragraphs during audit for 2015/16.</p>



		the SMART principle should be adhered to, this includes setting up realistic indicators in terms of section 41(1)(a) of the Municipal Systems Act in order to maintain the momentum.
Compliance of the Annual Report with relevant legislative prescripts	The MPAC assessed the content of the Annual Report for purposes of compliance with the prescriptions of MFMA: Circular No. 63 dated September 2012.	<p>The Committee rated performance on compliance as follows:</p> <ul style="list-style-type: none"> <li>• The NLM complied with the provisions of Sections 121(3) and (4) of the MFMA and section 46 of the Municipal Systems Act in compiling the Annual Report.</li> <li>• The committee was satisfied with the additional disclosure requirements and the extent of additional information provided by the management.</li> </ul>
Tabling of the Annual Report to Council	The MPAC appreciated the timing of tabling the annual report, which was in line with the provisions of Section 127 (2) of the MFMA.	The Committee Recommended that the Annual Report was properly consolidated and was in line with the requirements of the MFMA: Circular No.63.

## 9. SUMMARY OF COMMENTS ON THE ANNUAL REPORT BY MPAC

On review of the content of the Annual Report 2016/2017, the MPAC worked upon given information, using all referral documents including; the annual report 2016/2017, SDBIP 2016/2017, Audit Committee Report on Annual Report 2015/16, Auditor-General's Report 2016/2017, Management Audit Action and MFMA: Circulars 11, 32 and 63. The primary

indicated that the management noted the AGSA's findings and a corrective measure has been undertaken to ensure that all indicators included in the IDP are also included in the SDBIP to ensure consistency.

The management has also developed the standard operating procedures in order to ensure that the KPA's of the municipality are followed through from development stage up until the point where they are reported on the annual performance report. The committee accepted the management explanation and the setout corrective measures, but also urged the management to reflect alignment of the IDP and SDBIP during the in-year reporting on the implementation of the IDP objectives in both the quarterly and annual performance reports.

The MPAC raised a concern on how the performance appraisals are conducted given the fact that in the *Management Report*, the AGSA reported that not all municipal employees are undergoing performance appraisals. This, when implemented across the board will assist the municipality to identify the critical areas of work that need further improvement.

The Accounting Officer responded and stated that the municipality has adopted a PMS policy, which limits the implementation to three levels i.e. Directors, Managers and Officers. the Accounting Officer reported that this program is still encountering challenges, particularly when it comes to rewards like performance bonuses. The size and financial capacity of the municipality remains a challenge in this regard. He further made it known that the performance is being assessed or monitored on monthly basis at a directorate level.

With regard to the annual financial statements, the MPAC noted that there were no material findings reported by AGSA in the audit report for the year ended 30 June 2017.

The Auditor-General expressed an unqualified audit opinion based on the presented information. The AGSA however raised the following emphatic areas as matters of concern although they did not modify the AG's opinion; namely:

**9.1. Irregular Expenditure**

- 9.1.1. The MPAC observed that the municipality, in terms of audited AFS, incurred an irregular expenditure of R34, 7m as a result of non-compliance with SCM policies during the financial year under review. The management response was that a checklist will be developed that would be attached to each and every procurement document in order to

confiscated paraffin from the local shop is still with the SAPS, although investigation has been handed over to the Hawks and no suspect has been identified as of now.

Below is a summary of findings and comments made by members of the MPAC on the annual report:

1. When considering the predetermined objectives of the annual report, the MPAC noted that the reported achievements against the planned targets on service delivery were satisfactory. The MPAC further observed that there was no mention of expenditure incurred in excess of the approved budget in the AGSA's report.
2. When considering the annual financial statements, the MPAC valued the work done by the Audit Committee to review the annual financial statements before they were submitted to the Auditor-General for audit purposes.
3. The MPAC recommended that the Audit Committee should continue with good work and perform audit on corrective measures implemented by the management as planned in the Management Audit Action Plan.  
  
The Audit Committee should also make ensure that the corrections are made to all areas of concern disclosed in the audit report by the AGSA, in order for the municipality to maintain the thrust and achieve clean audit.
4. The Audit Committee should also assist the Council to ensure that the municipality has reliably internal controls, including the proper implementation of MSCOA, contract management system, SCM policy and ICT governance for purposes improving leadership and governance within the municipality. This includes the implementation of audit action plan to address prior year audit findings, in respect of financial management, performance reporting on planned targets and compliance with laws and regulations.
5. The committee recommended that management must put in place the internal controls in order to detect any kind of fraud and corruption; this includes the institution of internal disciplinary processes to any person implicated in the case of the lost paraffin. This matter must be followed with investigating authorities (SAPS and Hawks) with the aim to conclude the case.
6. The MPAC recommended that the management must make it a point that a completion percentage on progress report for the SDBIP targets is disclosed in both the quarterly

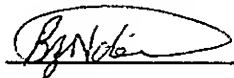
- 11.2. The Council should monitor the management and implementation of the resolutions of council and the recommendations of the Audit Committee. This should be done on quarterly basis in order to track the completeness and accuracy of information submitted to the Auditor-General SA for audit purpose at the end of the financial year.

## 12. RESOLUTION AND STATEMENT

It is **RECOMMENDED**:

- 12.1. That the Council having fully considered the 2016/2017 Annual Report of the municipality and comments thereon, adopts the 2016/2017 Oversight Report in terms of Section 129(1) of the Local Government: Municipal Finance Management Act, No. 56 of 2003, and
- 12.2. That the Council approves the 2016/2017 Annual Report in terms of Section 129(1)(a) of the Local Government: Municipal Finance Management Act, No. 56 of 2003 without reservations.
- 12.3. That the Oversight Report of the Ntabankulu Municipality must be made public on the municipal website in terms of Section 129(3) of the Local Government: Municipal Finance Management Act, No 56 Of 2003.
- 12.4. That the Oversight and Annual Reports 2016/2017 of Ntabankulu Municipality must be submitted to the Provincial Legislature in terms of Section 132(2) of the Local Government: Municipal Finance Management Act, No. 56 Of 2003.

Signed:



Cllr. B.Z. Ndamase

MPAC Chairperson

16-3-2018

Date